Regional Center of the East Bay

Regional Center of the East Bay
Board of Directors Meeting
Notice/Agenda

Date: Monday, February 25, 2019
Time: 7:00 – 8:30 p.m.
Location: 500 Davis Street
San Leandro

AGENDA

I. WELCOME AND INTRODUCTIONS
   Hebert

II. CONSENT AGENDA **
   Hebert
   A. Agenda 2/25/19
   B. Minutes of 1/28/19

III. PUBLIC COMMENT
The Board welcomes comment from any person regarding RCEB’s service and support to the East Bay community. We request that you complete a speaker card if you wish to address the board. We also request that you limit your statement to no more than 3 minutes. Thank you in advance for your interest.

IV. COMMITTEE REPORTS
   Hebert
   A. EXECUTIVE COMMITTEE/PRESIDENT’S REPORT
   » Contract Approval**

   B. BUDGET & FINANCE COMMITTEE
   » Marcum, LLP Draft Audit Report**
   » Monthly Status/PEP Report

   C. MEMBERSHIP DEVELOPMENT COMMITTEE
   » Board Member Nomination
   » Board Election**
   » ByLaw Update Vote**

   D. PROVIDER/VENDOR ADVISORY COMMITTEE
   Sister Marygrace

   E. CONSUMER ADVISORY COMMITTEE
   Battles
F. DIVERSITY & EQUITY COMMITTEE

Grimaldi

V. EXECUTIVE DIRECTOR'S REPORT
   • Governor's Budget
   • Grassroots – April 3rd
   • Self-Determination

Kleinbub

VI. PUBLIC COMMENT

VII. ARCA REPORT

Kleinbub

VIII. ADJOURNMENT

**ACTION ITEM**
REGIONAL CENTER OF THE EAST BAY

Board of Directors Meeting
Monday, January 28, 2019
500 Davis Street, San Leandro

RCEB BOARD MEMBERS PRESENT:
Kathy Hebert, President
Lilian Ansari, Vice President
Evangeline Iyemura, Treasurer
Nyron Battles, Secretary
Sister Marygrace Puchac, PVAC
Dinah Shapiro
Linda Stevens
Gerald Tamayo

ABSENT [excused]:
Morena Grimaldi
-Diversity & Equity Chair

STAFF PRESENT:
Lisa Kleinbub, Executive Director
Terri Jones, Director of Human Resources
Lucy Rivello, Director of Health & Behavioral Services
Lynn Nguyen, Director of Finance & Administration
Steve Robinson, Director of Community Services
Ronke Sodipo, Director of Client Services
Melanie Gonzales, Associate Director of Client Services
Christine Hanson, Associate Director of Adult Services
Evelyn Hoskins, Associate Director of Federal Programs
Elvia Osorio-Rodriguez, Associate Director of Children’s Services
Silvia Siu, Controller
Julie Whiskeyman, Case Manager
Herb Hastings, Consumer Advocate
Michi Toy, Executive Assistant

GUESTS:
Feda Almaliti
Hope Beale, DDS
Brian Blaisch
Gwen Nash-Butler, CAC Chair
Sheraden Nicholau, SCDD Bay Area
Chloe Page

Frank Paré
Jeri Pietrelli
Lisa Soloway
Steve Whitgob
Geneva Ziaouré
Vi Ibarra, CCCDDC
CALL TO ORDER
Board President, Kathy Hebert called the regularly scheduled meeting of the Regional Center of the East Bay to order at 7:02 p.m.

WELCOME AND INTRODUCTIONS
Self-introductions were made and a quorum was present.

CONSENT AGENDA / MINUTES
M/S/C  “The Board moves to approve the January 28, 2019 agenda as presented.”  
        [Shapiro/Puchac] Unanimous

M/S/C  “The Board moves to approve the November 26, 2018 minutes as presented.”  
        [Shapiro/Puchac] Unanimous

PUBLIC COMMENT
No public comments were expressed at this time.

COMMITTEE REPORTS

EXECUTIVE COMMITTEE: Kathy Hebert

Master Calendar for 2019
The Board of Director’s Master Calendar is a schedule of target months for the completion of reports and activities. As with the Work Plan, it is basically the same calendar that we have been using annually. Although the changes brought up by the Executive Committee on November 14th were voted on and approved at our November Board meeting; the Board has been actively interviewing and will be adding a few additional board members. Therefore, the Executive Committee is proposing to move the Board Training meeting from the month of March to July in order to accommodate the new board members.

M/S/C  “The Board moves to approve changing the Board Training meeting from March to July in the 2019 Work Plan as presented.”  [Shapiro/Puchac] Unanimous. The motion was adopted.

ByLaw Review
Ms. Hebert presented the suggested changes to the existing ByLaws that the Executive Committee discussed during their meeting on January 9th. These changes were also sent to the board members in their board packet. Therefore, any changes as well as any additions brought to the floor will be voted on at the next board meeting.

There are three changes; one having to do with the removal of “CFO” as it relates to the Board’s Treasurer since the CFO title is associated to RCEB’s staff member. The other 2 changes have to do with additions to the ByLaws updating the terminology and methods used for communicating as well as acceptable methods for taking action on urgent items.
CONTRACT APPROVALS

Supported Living Services
This contract represents an agreement to operate a supported living services agency that is meant to provide the necessary support to allow clients to live in their own home in the community.

Visionary Independence Program
Term: February 1, 2019 – January 31, 2020
Maximum Consumers Served: 15
Estimated average volume/client/month: $7,500
Annual total based on total capacity of 15: $1,350,000

M/S/C “The board moves to approve the agreement for Visionary Independence Program to provide Supported Living Services as detailed.” [Battles/Shapiro] Unanimous
The motion was adopted.

Community Placement Plan [CPP]
This contract is for ongoing services at a home developed as part of the community placement plan.

M. Ingco, INC.
This contract is for services at two Enhanced Behavioral Support Homes [EBSH’s] with four beds per home specifically for consumers who are moving from Sonoma Developmental Center [SDC].

Nighthawk/Teresita
Term: November 2018 – October 2028
Total Capacity: 4 individuals
Maximum facility rate/month is 571,180.00
Maximum annual disbursement $854,167.20
[Each client will have an individualized services and supports rate]

M/S/C “The board moves to approve the funding for M. Ingco, INC. to develop one EBSH home known as Nighthawk/Teresita as stated.” [Battles/Shapiro] Unanimous
The motion was adopted.

Neroly/Macri
Term: November 2018 – October 2028
Total Capacity: 4 individuals
Maximum facility rate/month is $70,389.36
Maximum annual disbursement $844,672.32
[Each client will have an individualized services and supports rate]
“The board moves to approve the funding for M. Ingco, INC. to develop one EBSH home known as Neroly/Macri as stated.” [Battles/Shapiro] Unanimous The motion was adopted.

BUDGET AND FINANCE COMMITTEE
Budget and Finance Report for January 28, 2019 – Evangeline Iyemura

UPDATE ON INDEPENDENT AUDIT REPORT FOR FISCAL YEAR 2017-18
At the November board meeting, the Agency’s independent auditors, Marcum LLC, presented a draft of the audit report to the Board. This report is unmodified, or a clean report with no Management comments. This draft report does not have the CalPERS unfunded liability amount or the related footnote disclosure. Marcum requires a separate FASB valuation of the CalPERS unfunded liability. We had planned on receiving this information from CalPERS to complete the valuation in early January. However, the CalPERS report was delayed and will not be available until the end of January. Therefore, the final audit report will not be issued or presented for the Board’s approval until the February board meeting. At this time, we do not expect that this delay will have an impact on the Agency’s ability to meet the reporting requirements.

Operations
As reported in November, the E-1 contract amendment provided a total of $44.9MM which is nearly all of our Operations allocation for the year. Since then, DDS has approved the Operations budget for the Community Placement Plan (CPP) plans. The Operations budget includes the expected allocation of $992k in the E-2. Please be advised that this budget does not include the allocation for the rent and facility costs of our new Concord facility at 1390 Willow Pass, which is also expected in the E-2 allocation.

Through December 2018, we have expended 44% of the operations budget of $45.9M. At this time, we are projecting a balanced budget in operations and will finalize our OPS budget with the issuance of the E-2 allocation expected at the end of January.

Purchase of Service
Through December 2018, we have almost 50% of our fiscal year 2018/19 POS expenditures in base. At this time, we are projecting for NON-CPP POS Expenditures a deficit ranging from approximately $4.4M (best case) to $6.5M (worst case). This is a decrease of $484k (best case) and $612k (worst case) over the previous month’s projections.

This year, the Statewide Projected system-wide deficit is currently at a low of approximately $69M and a high of $103M. Last year at this same time, the overall system was projecting a statewide deficit from a low of $41M and a high of $91M. Therefore overall, the Regional Centers statewide deficit projections in Purchase of Services seem to be increasing.
For CPP POS Expenditures, we are projecting a deficit of $9.1M. We anticipate receiving an additional allocation for CPP in the E-2 since DDS has just approved the CPP plans in December which also includes $1.6M start-up funding for the Community Resource Development Plan.
**Investment Account**

Currently RCEB has a Liquidity Operating Fund of $1.9M associated with the Agency’s BAHP Bonds which will mature on February 1, 2026. This fund is currently held in an interest checking account earning interest at only .05%. The lenders hold a security interest in the account and can take control any time we are in default of the loan. Until such time, RCEB may freely use such funds for other purposes, as long as any withdrawals are replenished within 12 months.

We plan to open an investment account at Union Bank that we can use to invest the fund in 9-month Treasury notes in order to earn additional interest at a current rate of 2.47% or approximately $44,000 annually.

The opening of a new bank account with authorized traders requires Board resolution. The authorized traders include the following:

- Elisabeth Kleinbub – Executive Director
- Lynn Nguyen – Director of Finance and Administration

A motion is needed to approve the opening of the bank account and authorize the above traders.

**M/S/C**  “I would like to make a motion that the Board duly authorize the RCEB staff persons mentioned to open the account and invest the fund.” [Puchac/Shapiro] Unanimous. The motion was adopted.

**Cash Flow**

The agency is currently maintaining a stable cash flow. To date, we have been receiving full reimbursement for our claims through November. DDS recently announced, as we have anticipated, that they will begin to offset cash advances starting in April (for February claims).

We will keep the Board, as well as the Executive Committee, posted on our cash flow status. Please note that the agency has no active line of credit but we expect to have bank documents to re-establish our line of credit beginning in April 2019.

**Medicaid Waiver Audit**

The staff is informing the Board and the Budget and Finance Committee that DDS is currently onsite to conduct the biennial review of the Agency’s Medicaid Waiver cases in accordance with the Home and Community-Based Services (HCBS) Regulation. They plan to complete the review in 2 weeks, with the first week onsite at our San Leandro office and the 2nd week completing offsite visits with our vendors. The Staff will provide an update of their findings at a future Board meeting.
MEMBERSHIP DEVELOPMENT COMMITTEE: Kathy Hebert

Board Member Nomination
In November, the Membership Development Committee interviewed two board applicants. In following with our Board Bylaws, Section 5.5 Election, Directors shall be elected at the meeting of the Board of Directors of the Corporation following the meeting of the Board at which the Director was nominated. Ms. Hebert nominated the two individuals at this January board meeting and an election will commence at the February board meeting.

Board Election
At our last board meeting in November, Ms. Hebert nominated Steve Whitgob to serve as a board member after his two year break beginning in 2016. Therefore, a board election was conducted this evening; a unanimous vote for Mr. Whitgob to return to the board effective this meeting.

Board Member Terming-Out
At the last board meeting we had three board members terming-out. Ms. Gwen Nash-Butler was not able to make that November meeting but since she is in the audience tonight, Ms. Hebert proceeded to thank her for her volunteerism, her advocacy and her perspectives and for serving on the Board since 2012.

PROVIDER/VENDOR ADVISORY COMMITTEE [PVAC]: Sister Marygrace Puchac
The PVAC meeting was on January 11th, where there was a major discussion on a Five Thirty-Eight website article by Justine Calma on December 11, 2018 titled, “Is California Failing Its Most Vulnerable Adults?”. There were many attendees who provide direct care services to our clients and added some valuable insight into their jobs. Due to not having any rate increases for the past 20 years, service providers find it difficult to hire skilled and experienced individuals. These unfortunate situations remind us to be extremely vigilant to those whom we serve. Also discussed was risk management and the Final Rule, and how giving guidance is going to fit in without inhibiting any independence. Ms. Kleinbub added that some of our local providers were included in the content of the article. During this meeting, there was a very rich discussion about risk management and strategic methods that can be used to avoid risk. Ms. Kleinbub added that the discussion with the providers was a very good and honest one, and thanked the PVAC members for that opportunity.

CONSUMER ADVISORY COMMITTEE [CAC]: Nyron Battles
Mr. Battles summarized the Monday, January 14th CAC meeting during which Ms. Kleinbub updated the committee on the status of the SDC residents move, the Government shutdown, social security and food stamps. The group also shared resources and discussed the upcoming People First conference. The next CAC meeting will be on February 11, 2019.
DIVERSITY and EQUITY COMMITTEE: Lisa Kleinbub for Morena Grimaldi

Ms. Kleinbub stated that the Diversity & Equity Committee met before the board meeting and discussed the different activities that the family support groups were involved in for the New Year. Many community partners as well as RCEB are waiting for DDS to issue the list of agencies that DDS selected to receive funds as a result of applications for projects to increase equity with access to regional center services. Many of our community based organizations have been anxiously waiting for this information since November and have been informed that they may know by the end of this month. Ms. Kleinbub also added that Mr. Guiza, our Diversity & Equity Specialist spoke about the POS Disparity Meetings which will start in February. That information is also on our website: https://www.rceb.org/sites/main/files/files-attachments/2019-public-meetings_0.pdf

RCEB will be sharing our data relating to Purchase of Service (POS) authorization, utilization and expenditure with respect to consumer’s age, ethnicity, primary language, residence type, and disability. All are encouraged to attend these public meetings as we share ideas and solutions that might be used to reduce disparities.

Detailed minutes of our monthly meetings are available on the Diversity & Equity page of our website https://www.rceb.org/pod/agenda-minutes. The next Diversity & Equity meeting will be on February 25, 2019 in San Leandro at 6pm.

EXECUTIVE DIRECTOR’S REPORT: Lisa Kleinbub, Executive Director

Budget

The Governor released his budget on January 10th, which laid out his priorities for Fiscal Year 2019-20. There will be hearings in the Legislature in March, and lots of discussions over the next couple of months about additions/deletions to be made to the budget. In May, the Governor will revise the budget and the final budget will be produced in June. The budget for the DD system does have increases primarily based on a growing caseload. By the end of 2020, we expect to be serving 349,000 individuals in our California system. The budget for next year includes dollars per the core-staffing formula to increase funding for regional center staff and operations as well as dollars for purchase of services for those we serve. This is all based on what the average dollar amount is and what the average salaries are in the core staffing formula. The budget does not include any increases for wages or for purchase of service and the budget for this year (2018/19) in purchase of service has actually been lowered. Fewer providers have taken advantage of the minimum wage increase because most providers in the State have already been paying above the State minimum wage. So, if the minimum wage goes up, they do not get an increase because they have already been paying more to their staff.

There are some proposals in the budget that can be looked at optimistically. One is a formula for funding regional centers to monitor our medical homes and Enhanced Behavioral Support Homes [EBSH] where there will be a consistent staffing ratio for monitoring those homes and allocated at a salary that is not based on the old core staffing formula. There is also a proposal for approximately 1300 individuals across California to have a 1:25 caseload ratio, which is an
enhanced caseload ratio for people who are having significant concerns and need intensive case management. This would mean around four special case management positions funded at a $55K salary with realistic benefits. This would be an acknowledgement that we have individuals who need more intensive case management services.

There is also a proposal for an additional Northern Star home for those individuals who need acute intervention and are having a crisis. Currently we do have a Northern Star unit that remains at Sonoma Developmental Center. We will be moving that program to homes in Vacaville and it will be run by the State. There is also a proposal to establish one in Central California and a proposal for three new children’s crisis homes in the State.

Discussion continues regarding the Uniform Holiday Schedule. This is where the provider’s day and transportation services are mandated to take off (furloughed) 14 days where they cannot provide services or be funded by the regional centers. This schedule dates back to 2008/9 and there have been discussions annually on trying to eliminate this schedule. Under Governor Brown, it was not eliminated and was put on a year hold last year, so we were hoping to see something different in this budget.

In regards to the Department of Developmental Service (DDS), there is funding for an update to their old Legacy computer system. As you know, all regional centers need an update to their computer systems as well. If DDS gets this funding, we would expect regional centers to also get such funding. The Department is also asking for $8.1M for positions at DDS which is @54 new positions that will be responsible for the oversight of regional centers, special incident reporting, DDS training of regional center Board of Directors, and many other items. Some of those do make sense as there are increased responsibilities. However, it is a challenging time when service providers are not able to remain open and regional center staff still have high caseloads, that it seems similar funding should also be targeted to our community. Also included in DDS’s budget proposals is the one-time funding to hire a consultant to look at programs to see if they will meet the HCBS Setting Final Rule.

The long awaited response from DDS on the Community Resource Development Plan (formerly the CPP Fund) will be in the form of $1.6M in startup funding. We have received $750K for housing projects, which was less than half of what was requested for these projects. We received funding to develop an Enhanced Behavioral Support home (EBSH) for children, as well as startup of $50K to develop behavioral-respite agencies. All these are important projects and we will be reaching out to community partners and issuing RFP’s. We have been informed that at the State level, there are funding opportunities that we may be able to access to supplement this, so that’s one of the things that we will be working on as we plan for the next year. There were not enough funds for all the projects that were submitted throughout the state but all the projects that were submitted have a lot of merit because of the little startup that we have had over the last twenty years.
Developmental Center Closure Status
The last RCEB resident moved from Sonoma Developmental Center [SDC] into the community on December 14th, and North Bay Regional Center moved their last resident on December 17th. SDC is now in a warm shutdown, where they will be working on transferring the property back to the State. Currently, there are 5 individuals who are living at the property in the Northern Star Crisis facility, but plans are to move out by the end of June 2019. There is no clear direction on what will happen to that property and due to the presumed high takeover expense, there’s hesitance on taking it on as a project. The former Agnew’s Developmental Center’s East Campus closed over ten years ago and has just recently been razed for new development for educational services at that location. This can take a very long time.

Things have been going very well for those individuals who have moved to the community. Of course there are challenges as people have moved from a very familiar environment, but we have not encountered any of the major difficulties that you would normally expect. We are working diligently with our providers to make sure that the systems for monitoring and making changes are in place over the next couple of years, which is the standard time that it takes to become stabilized and part of a routine.

Fairview Developmental Center and Porterville have a combined total of three RCEB individuals left to move out into the community, and we are currently working on the resources for them just as we have done for SDC.

Ms. Hebert spoke on behalf of the Board to thank Steve Robinson for his commitment and hard work on this project and for reporting to the Board on its status for over two years. Ms. Hebert elaborated on the tour of the homes that she took last year and how impressed she was with the structure of the homes, staff and nurses and how the homes are what they were envisioned to be from the beginning.

Ms. Kleinbub spoke about this Friday’s community open house for our community crisis home in Oakley. This home serves up to five adults for a period of 18 months. These individuals will need enhanced services. Telecare is an experienced provider for this type of service, and they spoke with the neighbors who attended this open house forum. RCEB as well as our community partners, Ms. Nicholau from SCDD, Bay Area and Ms. Ibarra from CCCDDC were also present and participating. The open house went well, and we feel that once the home is up and running, that their concerns will be mostly alleviated.

Self-Determination
We received the Train-the-Trainer dates from DDS today, so now we can plan on holding orientations for those individuals selected and their families. The trainings will be at both San Andreas and Far Northern regional centers. We recently learned that the $2.8M that was coming to the State due to the Federal match for expenditures of people that were on the previous Self-Determination pilot program; 45% of that money will go to regional centers for additional staff issues related to self-determination and 10% will go to DDS for tasks such as fingerprinting clearance and 45% will be allocated to our local advisory committees for person-centered-
thinking training, assisting with plan development, and other projects depending on the local advisory committee priorities. It is an exciting time to see things moving forward albeit slowly and we will be keeping the board informed of the status.

Rate Study
The provider rate study needs to be provided to the legislature on March 1st. We have not seen the preliminary report that was supposed to go out for public comment. It will be very complex for DDS to take initial data and present a plan to the legislature for rates. Our rates are very complicated and any changes made will affect providers, so it has to be very thought out and analyzed. We expect that it will be available in the next few weeks for public comment and review.

Legislative Breakfast
On Friday February 1st, the East Bay Legislative Coalition (EBLC) will host an invitation only Legislative Breakfast at RCEB’s San Leandro office. Individuals, family members, service providers and our partners in the community will be meeting with mostly staffers from our local legislative offices to discuss the issues and challenges that concern our system. The theme this year is keeping the train on the track to an inclusive community without impediments. It’s a request for the legislature to give us the resources to move things forward. We are looking forward to this important event this week.

PUBLIC COMMENT
Kathy Hebert for Sandy Solody, Alameda County Developmental Disabilities Council [ACDDC]
Feb 1: The East Bay Legislative Coalition breakfast at RCEB/San Leandro. Special thanks to Sister Mary Grace Puchac, Will Sanford and Lisa Kleinburg for major contributions to the breakfast planning.

Feb 2: The Tri-Valley SELPA Resource Faire is at Dublin High School.

Feb 2: The East Bay Employment Task Force meeting will be at RCEB/Concord from 10-12pm.

Feb 6: The EBLC meeting is at the Public Health Department from 10-12pm.

Feb 13: This is the next ACDDC meeting at the Public Health Department from 9:30-12 pm. There will be a first ever Alameda Alliance for Health (AAH) listening session. The AAH includes about 85% of the Medi-Cal population in Alameda County. This is an opportunity to share your experiences with the AAH staff, including the CEO.

Feb 22: The Health & Wellness Committee meeting at the Public Health Department from 2-4 pm.
March 23: The Alameda County Transition Faire is at the College of Alameda. Service provider invitations have gone out, and family registration forms will be ready the first week of February. Please contact Sandi if you’re interested in volunteering.

Vi Ibarra, Contra Costa County Developmental Disabilities Council [CCCDDC]
Feb 2: Employment is an Option by the Employment Task Force will be hosting a half-day conference for middle school to high school ages on the skills and preparation that they need to do.

Feb 27: This is the next CCDDC Board of Director’s meeting at 10am in RCEB/Concord.

Feb 28: The UC Davis Mind Institute’s Center for Excellence in Developmental Disabilities is hosting two free trainings regarding alternatives to conservatorship titled Supported Decision Making. This will take place at two times; 1pm and 7pm at the Mount Diablo Adult Education Center, and the deadline for registration is February 19th.

Sheraden Nicholau, State Council on Developmental Disabilities [SCDD], Bay Area Office
Ms. Sheraden updated on the status of the Council’s cycle 40 grant that was awarded to the Lanterman Housing Alliance [LHA] in 2017 to provide recommendations to a Statewide Strategic Framework in regards to improving housing for those with DD. LHA’s draft report has been completed in partnership with many stakeholders and is available on theirs and our websites: http://www.lantermanhousingalliance.org/statewide-strategic-framework/

Jan 31: This is the last day to provide comment on LHA’s draft.

Feb 5: This is the next Statewide Employment First committee meeting in Sacramento.

Feb 27: This is the next SCDD, Bay Area Regional Advisory Committee meeting at the San Mateo County Office of Education 7-9pm. The annual report and the forensics overview will be discussed.

March 7: This is the next legislative and public policy committee meeting in Sacramento.

March 11: This is the next Self Advocates Advisory Committee meeting in Sacramento.

March 12: This is the next SCDDC meeting.

March 26/27: Two-day Statewide Self Advocacy Network. This meeting brings leaders of self-advocacy groups from all areas in California to share their platforms and to provide support to each other.

Feda Almaliti inquired about the possibility of linking subjects discussed at the board meetings online. Another subject Ms. Almaliti inquired about was information on the difference between
the levels of homes that we use. Ms. Kleinbub addressed the home inquiry by informing her of a Living Options workshop that RCEB hosts twice a year, where we go through details and multiple subjects in regards to residences.

**ARCA REPORT**: Kathy Hebert and Lisa Kleinbub

Ms. Hebert stated that the ARCA meeting was in Sacramento this month, where the focus was on the new Governor’s budget and ARCA’s positions on certain aspects of it. Ms. Hebert added that it was beneficial to hear the perspectives from other Regional Center Executive Directors as they are all on the same page on many of the issues.

Ms. Kleinbub added that ARCA’s main budget priorities are:

- An 8% increase in service provider’s rates, which although would not be enough, it is a down payment that we know will come in the rate study. It will be a way to really help the impact of inflation over the last few years, even though it won’t account for all the problems with rates.

- An 8% increase in the funding for case management positions at regional centers as well as positions tied to case management, which includes areas in support and technology.

ARCA is currently exploring other positions that will be taken on in the budget. We will be getting a report on all the bills that have been introduced to the legislature, and ARCA will be analyzing those. Grassroots day is Wednesday, April 3rd which is when all the ARCA member agencies and regional center board members meet with legislators. Board members have an opportunity to meet with their local legislator.

**MEETING ADJOURNED**
The board meeting adjourned at 8:25 p.m.

The next Board Meeting will be at 7:00 PM on February 25, 2019 in San Leandro
Regional Center of the East Bay
Contracts for Board Review/Approval

2/15/19       Date submitted to RCEB Board for review
2/13/19       Date approved by RCEB Board Executive Committee (if applicable)
(2/25/19)     Date approved by RCEB Board

**Operations**

**Purchase of Service** __X__

The following contracts have been reviewed by Lynn Nguyen, Director, Finance and Administration and Lisa Kleinbub, Executive Director, both of whom recommend approval by the RCEB Board of Directors.

<table>
<thead>
<tr>
<th>Purpose of Contract</th>
<th>Consumers Served (if applicable)</th>
<th>Contractor Name</th>
<th>Term of Contract</th>
<th>Rate of Reimbursement</th>
<th>NOTES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Placement Plan (CPP) Service</td>
<td>One (1) 4-bed Community Crisis</td>
<td>Telecare Corporation</td>
<td>Effective February 2019 through January 2029</td>
<td><strong>Maximum Facility Rate</strong> per month $69,977 ($17,494.25 x 4)</td>
<td>This contract represents Community Placement Plan Start-up for Contractor to develop one (1), four (4) bed Community Crisis Home (CCH) home for consumers at risk for admission to an acute crisis center. A DDS operated facility, out of state placement, a psychiatric hospital setting, or a Mental Health Rehabilitation Center.</td>
</tr>
<tr>
<td>Provider Agreement</td>
<td>Home, (total of 4 consumers)</td>
<td></td>
<td></td>
<td>$69,977 x 12= $839,724 annual disbursement</td>
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<td>Each client will have a Individualized Services and Supports Rate.</td>
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SERVICE PROVIDER AGREEMENT
FOR A COMMUNITY CRISIS HOME (CCH)
(24 West Cypress Place, Oakley, CA 94561)

This Service Provider Agreement for an CCH (this “Agreement”), dated as of February 7, 2019 is entered into by and between REGIONAL CENTER OF THE EAST BAY, INC., a California nonprofit corporation (“RCEB”) and TELECARE CORPORATION, a California corporation (the “Service Provider”) in accordance with the following facts:

DEFINITIONS

“Community Crisis Home” means a facility certified by the State Department of Developmental Services pursuant to this article, and licensed by the State Department of Social Services pursuant to Article 9.7 (commencing with Section 1567.80) of Chapter 3 of Division 2 of the Health and Safety Code, as an adult residential facility, providing 24-hour nonmedical care to individuals with developmental disabilities receiving regional center services and in need of crisis intervention services who would otherwise be at risk of admission to the acute crisis center at Fairview Developmental Center or Sonoma Developmental Center, a State Department of Developmental Services-operated facility, an out-of-state placement, a general acute hospital, an acute psychiatric hospital, or an institution for mental disease, as described in Part 5 (commencing with Section 5900) of Division 5. (California Welfare and Institutions Code, 4698 (a) (1))

“Community Crisis Home” means an adult residential facility certified by the Department and licensed by the Department of Social Services that provides 24-hour nonmedical care to individuals with developmental disabilities receiving regional center services and in need of crisis intervention services, who would otherwise be at risk of admission to a more restrictive setting. (California Welfare and Institutions Code, 4698)

“Individual Behavior Supports Plan” means the plan that identifies and documents the behavior and intensive support and service needs of a consumer and details the strategies to be employed and services to be provided to address those needs, and includes the entity responsible for providing those services and timelines for when each identified individual behavior support will commence. (California Welfare and Institutions Code, 4684.80(c))

“Individual Behavior Supports Team” means those individuals who participate in the development, revision, and monitoring of the individual behavior supports plan for consumers residing in a Community Crisis Home. (California Welfare and Institutions Code, 4684.80 (d))

RECITALS
A. This Agreement concerns the particular property commonly known as Cypress House (the “Residence”). The Residence is owned by SP West Properties LLC, an Ohio limited liability company (the “HDO”).

B. RCEB has selected the Service Provider to lease the Residence from the HDO and operate the Residence under the terms of this Agreement. The Service Provider represents and warrants that it is qualified to provide the services described herein.

C. This Agreement describes (1) the scope of the services to be provided by the Service Provider to the individuals with developmental disabilities (the “Consumers”) who will reside in the Residence, (2) the obligations of the Service Provider to RCEB and (3) the compensation to which the Service Provider will be entitled from RCEB in exchange for performing such services and satisfying such obligations.

NOW, THEREFORE, in consideration of the following mutual covenants, the parties agree as follows:

1. **Operation of the Residence; the Program Plan.** The Service Provider shall operate the Residence in accordance with the Service Provider’s approved facility Program Plan (aka the Program Design) attached as Exhibit “A” hereto, and in a manner specifically designed to address the needs of all of the Consumers referred from RCEB. In particular, the Service Provider shall operate the Residence a Community Crisis Home for four (4) adults who require crisis supports, staffing and supervision in a homelike setting. The individuals served may be transitioning from a general acute hospital placement; an acute psychiatric hospital placement; or a mental health rehabilitation center. The Consumers who will live in this Residence will require enriched staffing. The Residence will provide active treatment to Consumers who have a variety of behavioral needs, some or all of whom may be non-ambulatory and use wheelchairs. Service Provider represents that it has received a Certificate of Program Approval from the State Department of Developmental Services (“DDS”) for its Program Plan. The approved Program Plan and DDS’s Certificate of Program Approval are incorporated herein by this reference.

1.1 **Occupancy Requirements.** All beds in the Residence shall be for the exclusive use of Consumers referred by RCEB. No other individuals shall be placed within the Residence without the express written consent of RCEB. The Service Provider shall not deny admission into a Residence of any Consumer referred by RCEB; the Service Provider must accept all RCEB referrals. Subject to the foregoing, the Service Provider will review and screen admission packets of potential Consumers, coordinate with RCEB for the admission of each Consumer to the Residence and develop a service plan with and for each Consumer.

2. **Term.** This Agreement is effective on the date the first Consumer occupies the Residence (the “Commencement Date”), which is expected to occur in February 2019, and will continue in effect until the 10th anniversary of the Commencement Date, unless this Agreement is terminated earlier in accordance with the provisions in Section 22 below entitled, “Termination and Other Remedies”. As per Title 17 CCR §59057(c), under no circumstances may this Agreement extend beyond its stated termination date. After the Commencement Date occurs, either party, at the request of the other, shall sign the Confirmation of Commencement Date attached hereto as Exhibit “B”.

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3. Payment. The Service Provider’s rate of payment for the services provided herein is as follows:

3.1 Maximum Number of Consumers at Residence; Maximum Overall Payment Based on Occupancy. The maximum number of Consumers who may reside at the same time in the Residence is four (4) individuals.

3.2 Establishment of Rates/Maximum Overall Payment Based on Occupancy. Service Provider will receive three separate rates of payment: (i) a facility component for residential services (the “Facility Component”) which shall be reviewed annually; (ii) an individualized services and supports component based on each Consumer's needs as determined through the individual program plan process (the “Services Component”); and (iii) a transition component (the “Transition Component”) based on Consumer’s costs associated with transition collectively known as “Established Rates”.

3.3 Facility Rate. The maximum facility rate of payment that RCEB shall remit to the Service Provider shall be Seventeen Thousand, Four Hundred and Ninety Four Dollars and Twenty Five Cents ($17,494.25) per Consumer per month (the “Established Facility Rate”), as reflected in the completed Department form DS 6023 (Exhibit D). Therefore, the maximum contract amount payable by RCEB to the Service Provider under this Agreement shall be Sixty Nine Thousand, Nine Hundred Seventy Seven Dollars ($69,977) per month (the “Maximum Facility Monthly Rate”). The Maximum Monthly Rate has been calculated by multiplying the Established Rate per Consumer by the maximum number of Consumers who are allowed to reside at the Residence at the same time. Any portion of the Established Facility Rate unfunded by a Consumer placement will be funded pursuant to Title 17 Section 59022(a)(3)(A)-(C). The Established Facility Rate is inclusive of all SSI/SSA client benefits.

3.4 Individual Consumer Rate. In addition to the facility rate, RCEB shall remit to the Service Provider a rate of payment for each consumer (the “Established Individual Consumer Rate”). Prior to each consumer’s admission, Service Provider shall complete and submit a Department form DS 6024 to the Regional Center for review and written approval. The Established Individual Consumer Rate shall be reviewed by each consumer’s individual behavior supports team within 60 days and at least annually thereafter, and the Service Provider shall submit an updated completed Department form DS 6024 to the Regional Center within 30 days for review and written approval. The Regional Center may pay for temporary absences pursuant to Title 17 Section 59022(b)(3)(A)-(C).

3.5 Transition Rate. In addition to the facility rate and the individual consumer rate, RCEB shall remit to the Service Provider a rate of payment for transition costs for each consumer (the “Established Transition Rate”). The Service Provider shall complete and submit a Department form DS 6028 to the Regional Center for review and written approval. The transition rate is used for additional services and supports during time of transition into or out of the Community Crisis Home. Transition funding shall only be used for staff training, cross training or needs specific to the consumer’s transition. The Service Provider shall submit the completed DS6028 to the regional center for review and written prior approval within 10 days; transition authorizations shall not be retroactive. The Regional Center may pay for transition costs pursuant to Title 17 Section 59022(c) (1)(A)-(C).
3.6 Other Rate Adjustments. RCEB reserves the right to update and revise the Established Rates and the Maximum Monthly Facility Rate from time to time to more accurately reflect the Service Provider's costs for its provision of services at the Residence, based on a comparison of the Service Provider's expenses over time, subject to the other provisions in this Agreement. In addition, RCEB shall perform a rate review examination after the initial 12 months of Service Provider's provision of services to Consumers. The time period of the rate review will be 12 month period beginning on the first day of the month following placement of the first Consumer at the Residence. RCEB's rate review examination will include a review of Service Provider's costs/expenses in relation to the approved Established Rates. Services defined in the approved Program Design may be referenced during this process. Service Provider acknowledges that the Established Rates may be lowered based on the results of RCEB's rate review.

3.7 [Deleted]

3.8 Invoices and Payments. In consideration of the Service Provider's services herein, performed in a manner acceptable to RCEB, RCEB shall reimburse the Service Provider monthly, in arrears, upon submission of an invoice in a manner prescribed by RCEB. The Service Provider's monthly invoices to RCEB must specify the billing period, the total number of beds occupied and vacant each day (whether or not RCEB is paying an unoccupied bed rate), and, when required, any supporting documentation. The Service Provider shall deliver each invoice and supporting documentation to RCEB on a timely basis. RCEB shall remit all payments under this Agreement to the Service Provider in accordance with RCEB's billing cycle.

3.9 Electronic Billing. Service Provider shall use electronic billing under DDS's Regional Center e-Billing System Web application for all of Service Provider's invoices to RCEB under this Agreement, as set forth in Welfare and Institutions Code Section 4641.5(a)(1) through (2).

3.10 Sole Compensation. The consideration to be paid by RCEB to the Service Provider as provided herein shall be the sole compensation for the Service Provider's expenses incurred in the performance of its obligations hereof, unless otherwise expressly authorized in writing by RCEB.

3.11 Repayment of Funds. Should RCEB or the State of California (the "State"), according to applicable law, determine that any funds paid by RCEB hereunder were not expended by the Service Provider in accordance with the terms of this Agreement, the Service Provider shall repay such funds to RCEB within 30 days of demand.

3.12 Contract Authorizations for Vacancies. Any portion of the Established Facility Rate not funded by a consumer placement(s) shall be funded through a contract authorization(s). RCEB shall establish separate contract authorizations equal to the Facility's licensed capacity. A contract authorization shall be paid to the Service Provider for each vacancy during the initial transition period and each temporary vacancy following the initial transition period.
3.13 The Established Rates are prorated for a partial month of service by dividing the Established Rates by 30.44, then multiplying the quotient by the number of days the consumer resided in the facility.

4. **Unoccupied Beds.** This Section 4 discusses the rate of payment to which the Service Provider is entitled when one or more of the beds in the Residence are vacant or not occupied by Consumers.

4.1 **Initial Transition Period.** The time period between the date the first Consumer moves into the Residence until the date all of the beds in the Residence are initially occupied by Consumers is hereinafter referred to as the "Transition Period." Both parties shall use their best efforts to insure the Transition Period does not exceed 90 days. During the Transition Period, the Service Provider shall maintain the minimum level of staffing as required by CCH Regulations, and RCEB shall pay to the Service Provider the (i) the Maximum Monthly Facility Rate and (ii) the Services Component payment of the Established Rate for only those Consumers then occupying the Residence.

4.2 **Consumer Absences: 14 or Less Days.** If a Consumer becomes temporarily absent from the Residence, the Service Provider shall hold the bed for the benefit of the absent Consumer and maintain applicable staffing levels as required by law and consistent with industry standard. When the Consumer is temporarily absent from the Residence 14 days or less per month, RCEB shall pay the Service Provider the Established Rate for such Consumer for the full month. Further, when the Consumer's temporary absence is more than 14 days but is due to the need for inpatient care in a health facility as defined in Health and Safety Code Section 1250(a), (b), or (c) and the Consumer is expected to return, RCEB shall continue to pay the Established Rates for such Consumer to the Service Provider, as long as no other Consumer occupies the vacant bed created by the Consumer's temporary absence, or until the Individual Behavior Supports Team has determined that the Consumer will not return to the Residence.

4.3 **Temporary Consumer Absences: No Reduction in Facility Rate Payment.** Once the Residence reaches maximum capacity, RCEB shall pay the Established Facility Rate based on the licensed capacity of the Residence, despite the temporary absence of one or more Consumers from the Residence in excess of 14 days, or subsequent temporary vacancies in excess of 14 days created by Consumers moving from the Residence (WIC §4684.81(k)(1)).

4.4 **Temporary Consumer Absences: Impact on Services Component Payment.** When a Consumer is temporarily absent from the Residence for more than 14 days (including but not limited to when a Consumer is in need for inpatient care in a health facility [as defined in Health and Safety Code Sections 1250(a), (b), or (c)], RCEB may, based on Consumer need, continue to remit the Individual Consumer Rate payment for such Consumer to the Service Provider, but only if such payment is approved by RCEB’s Director or their designee and may only be approved in 14-day increments. RCEB shall maintain documentation of the need for these services and RCEB’s Director's approval (WIC §4684.81(k)(1)).

4.5 **Additional Regulatory Requirements.** As provided in 17 CCR §59072, and to the extent not inconsistent with Welfare and Institutions Code §4684.81, the parties further agree:
4.5.1 **Residence Not Full After First 90 Days of Transition Period: Periodic Meetings.** If the Residence has not reached Consumer capacity by 90 days from the commencement of the Transition Period, the parties shall meet to determine if RCEB shall continue to pay the Facility Component due to the unfilled beds, and the parties shall continue to meet each subsequent 30 days until the Residence reaches capacity.

4.5.2 **Additional Regulation of Temporary Consumer Absences.** When the Consumer's temporary absence is due to the need for inpatient care in a health facility (as defined in Health and Safety Code Sections 1250(a), (b), or (c)), RCEB may, based on Consumer need, continue to remit the Services Component payment for such Consumer to the Service Provider, but only if, in addition to Section 4.4 above, (i) no other consumer occupies the vacancy created by the Consumer's temporary absence, and (ii) such absence does not exceed 60 days. The Service Provider shall continue to provide direct supervision and special services as needed during a Consumer's temporary absence to continue to receive payment of the Services Component of the Established Rate. If the Consumer's individual health care plan team has determined that the Consumer will not return to the Residence, the parties will no longer consider the absence to be temporary.

4.5.3 **Consumer Absences in Excess of 60 Days.** On or about the 60th day of any temporary Consumer vacancy, and at the end of each subsequent 30-day period, the parties shall meet to determine if RCEB shall continue to pay the Facility Component for such Consumer due to such 60+ day vacancy.

4.5.4 **Prorated Services Component in Other Cases.** RCEB shall prorate the Services Component for a partial month of service in all other cases by dividing the Services Component by 30.44, then multiplying the quotient by the number of days the Consumer resided in the Residence.

4.5.5 **Consumer Discharge: Proration.** In the month a Consumer is discharged from the Residence, RCEB shall prorate the Established Rate for such Consumer by dividing the Established Rate by 30.44, then multiplying the quotient by the number of days the Consumer resided in the Residence.

5. **The Service Provider's General Duties.**

5.1 **Quality Assurance Evaluation.** The Service Provider shall successfully complete a quality assurance evaluation conducted by RCEB a minimum of once every year.

5.2 **Consumer's Admission Agreement.** The Service Provider shall comply with the terms and conditions specified in each Consumer's Admission Agreement.

5.3 **Licensing.** The Service Provider shall at all times (1) maintain, in full force and effect, the license issued by the Department of Social Services (or other applicable State agency) for the Residence, (2) notify RCEB of any change in status of its license, registration or certification and (3) submit copies to RCEB of all renewed licenses, certificates and credentials as they are renewed.
5.4 **Vendor Disclosure Statement.** Upon the execution of this Agreement, and at all other times upon RCEB’s request, Service Provider shall complete, sign and deliver to RCEB a Vendor Disclosure Statement (DDS Form DS 1891), a copy of which can be obtained from DDS’s website. Service Provider shall also submit an updated signed and dated DS 1891 Form to RCEB within 30 days of any change in the information previously submitted pursuant to this section.

5.5 **HCBS Provider Agreement.** The Service Provider represents and warrants that it has signed the State Department of Health and Human Services’ Home and Community Based-Services Provider Agreement and delivered such signed document to RCEB.

5.6 **Drug-Free Workplace.** The Service Provider shall maintain a drug-free workplace. The Service Provider and its employees shall not unlawfully manufacture, distribute, dispense, possess or use controlled substances, as defined in 21 U.S. Code section 812, including marijuana, heroin, cocaine, and amphetamines, at any Service Provider facility or the Residence. Violation of this provision shall constitute a material Breach of this Agreement.

5.7 **RCEB’s Zero Tolerance Policy.** RCEB has adopted a Zero Tolerance Policy regarding Consumer abuse (the “Zero Tolerance Policy”). The Zero Tolerance Policy is posted on RCEB’s website, in the section entitled Policies, Performance & Finances, at: http://www.rceb.org/docs/ZeroTolerancePolicy.pdf. The Zero Tolerance Policy is incorporated herein by this reference. The Service Provider shall comply with the Zero Tolerance Policy at all times.

5.8 **Real Property Tax Exemption.** If Service Provider is a nonprofit organization, Service Provider shall take all necessary actions within its control to insure the Residence’s real property tax exemption is maintained, including but not limited to: (1) filing for an Organizational Clearance Certificate (Form BOE-277) with the State Board of Equalization within 90 days after this Agreement is executed (or providing proof to RCEB that Service Provider has already received its Organizational Clearance Certificate from the SBE); (2) timely renewing such Certificate so that it never lapses during Service Provider’s lease of the Residence; and (3) filing with the applicable County Tax Assessor a request for property tax exemption via form BOE-267 (and Form BOE 267-H, if applicable) within 30 days after the Lease term commences, and annually renewing such exemption once it has been obtained. (Forms BOE-267 and 267-H are available at each County Assessor’s office. Form BOE-277 is available at the following website: https://www.boe.ca.gov/proptaxes/pdf/boe277.pdf).

5.9 **Certain Laws Applicable to CCHs.** Since the Service Provider will be operating the Residence as an EBSH, the Service Provider shall at all times specifically comply with all laws and regulations applicable to EBSHs, including but not limited to (i) Calif. Welfare & Institutions Code §§4684.80 through 4684.87 and (ii) 17 CCR §§59050 through 59072, as they may be amended from time to time. Thus, for example, the Service Provider shall insure the Residence always has an operable automatic fire sprinkler system, as required by 17 CCR §59051(e) and (d). If any inconsistency exists between the terms of an applicable statute and an applicable regulation, the provisions in the applicable statute shall prevail.
5.10 Other General Duties. The Service Provider shall, at all times during the term of this Agreement, (1) certify that all standards are met, as stated in the Program Plan, prior to being listed as an approved provider of service, (2) meet the minimum standards established by DDS for the Service Provider’s classification or program, (3) notify RCEB of changes in circumstances of any of RCEB’s Consumers and (4) notify the parents and/or guardians of Consumers regarding any significant changes in the care and treatment of such Consumers.

6. The Lease; the Addendum. The Service Provider shall lease the Residence from the NPO under a written lease, in form and content approved by RCEB (the “Lease”). The Lease shall include an Addendum in form and content attached hereto as Exhibit “C”. Service Provider agrees to execute the Lease and Addendum within five business days after RCEB’s request to do so.

6.1 Payments Under the Lease. The Lease will require the Service Provider to pay rent to the NPO in the amount of $4,123.00 per month (the “Rent”). During the term of this Agreement, the Service Provider will receive funding from various sources as consideration for the performance of its obligations to Consumers of the Residence and under the Lease. Such funding shall include eligible Consumers’ SSI/SSA room and board benefits, any State supplemental payments, the Maximum Monthly Rate, and funds the Service Provider may receive from other sources. From all of these sources of funds, the Service Provider shall pay the Rent and perform its other obligations under the Lease and under this Agreement. The Service Provider shall pay all obligations under the Lease in the manner and under the procedures set forth in the Lease, all of which terms are incorporated herein by this reference.

6.2 Lease Expenses. RCEB and the Service Provider have taken the Rent and all of the Service Provider’s other Lease obligations into account (e.g., insurance premiums, utility costs and the cost to repair damages to the Residence caused by Consumers) in negotiating the Service Provider’s rate of payment. Therefore, in consideration for the Service Provider’s receipt of the Maximum Monthly Rate, RCEB shall have no obligation to pay any for any of the Service Provider’s obligations under the Lease.

6.3 Assignment of the Lease. If this Agreement terminates for any reason, with or without cause, or by Breach (as defined in Paragraph 21.1 below) by either party, then (1) RCEB will identify a new service provider to accept assignment of the Lease from the Service Provider, as set forth in greater detail in the Lease and (2) in such event, the Service Provider shall assign its rights and obligations under the Lease to such new service provider within five days of RCEB’s request to do so, on a form provided by RCEB. The provisions herein are intended to survive termination of this Agreement.

7. Insurance.

7.1 Workers’ Compensation Insurance. The Service Provider agrees to maintain, in full force and effect, a workers’ compensation insurance policy at the maximum statutory rate at all times during the term of this Agreement.

7.2 Liability Insurance. The Service Provider agrees to purchase and maintain commercial and general liability insurance in the amount of not less than $1,000,000 per claim,
on an occurrence basis, during the period of this Agreement; provided, however, RCEB reserves the right to increase the liability limit under such insurance policy not more than once during any two-year period during the term of this Agreement, based on advice by its insurance broker or other consulting professional. In addition, the Service Provider will have umbrella liability coverage in the amount of $5,000,000. The commercial general liability insurance shall include endorsements for premises and operations liability and for broad form contractual liability. Insurers who are admitted to do business in the State of California and rated A- and X or higher in the most recent edition of Best Insurance Guide shall issue all insurance policies. All liability insurance policies shall be endorsed to name RCEB as an additional insured during the term of this Agreement. **The Service Provider shall provide to RCEB a true and correct copy of the Named Additional Insured Endorsement at the beginning of the term of this Agreement.** Each policy of insurance providing coverage required hereunder shall provide that it may not be cancelled or materially modified unless RCEB is provided at least 30 days prior written notice thereof. **The Service Provider shall also provide to RCEB a Certificate of Insurance annually, which certifies the existence of the insurance required under this Agreement.** To the extent these provisions are not the same as the provisions in the Lease regarding insurance, the Service Provider shall comply with those provisions that most broadly protect RCEB.

8. **Indemnity.** The Service Provider shall indemnify, defend, and hold harmless RCEB, and each of its representatives, officers, directors, agents, consultants and employees and their respective successors and assigns, including but not limited to the State of California and its agents and employees (collectively referred to as the "**RCEB Indemnified Parties**"), from any and all losses, costs, expenses, (including but not limited to reasonable attorney’s fees), liabilities, claims, court costs, demands, debts, causes of action, fines, judgments and penalties which arise from or relate to (a) death or injury to people or damage to property in connection with the negligent or willful acts, errors or omissions of the Service Provider or its employees, agents, consultants or anyone employed by such Service Provider to act on its behalf, (b) claims under workers’ compensation laws or other employee benefit laws by the Service Provider’s agents or employees, (c) the Service Provider’s failure to fulfill its obligations under this Agreement or the Lease, in strict accordance with its terms, including the Service Provider's breach of any representations or covenants given in this Agreement or (d) violation of any local, State, or federal law, regulation or code by the Service Provider or by any of the Service Provider’s employees, agents, consultants or subcontractors in connection with the conduct of their activities performed in connection with this Agreement.

8.1 **Assumption of Defense.** The Service Provider will assume the defense, at its sole expense, and with legal counsel acceptable to RCEB, of any claims or litigation as to which it has an indemnification obligation hereunder; RCEB shall cooperate with the Service Provider and its counsel in the defense of any such claims, provided, however, at RCEB’s request, those costs or expenses associated with such cooperation shall be reimbursed by the Service Provider. If the Service Provider fails to assume the defense of any claim or litigation as to which it has or is determined to have had the obligation to indemnify, RCEB Indemnified Parties will have the right to assume their own defense, and the Service Provider will be obligated to reimburse RCEB Indemnified Parties for any and all reasonable expenses (including, but not limited to attorney’s fees) incurred in defense of such claims or litigation, in addition to the Service Provider’s other indemnity obligations hereunder. The Service Provider shall control the defense and settlement of any claim; provided, however, if the Service Provider fails to promptly
assume the defense of any claim or litigation as to which it has or is determined to have had the obligation to indemnify, RCEB shall have such control.

8.2 Survival of Provisions. The indemnity set forth in this Section 8 shall apply during the term of this Agreement and shall also survive the expiration or termination of this Agreement, until such time as action against all of RCEB Indemnified Parties on account of any matter covered by such indemnity is barred by the applicable statute of limitations. To the extent these provisions are not the same as the provisions in the Lease regarding the Service Provider’s indemnity obligations, the Service Provider shall comply with those provisions that most broadly protect RCEB.

9. Assignments Prohibited. The Service Provider is prohibited from transferring or assigning its rights and obligations under this Agreement to any third party. If the Service Provider is an entity, then any one time or cumulative transfer by the owners of the Service Provider of 50 percent or more of their Interest (defined below) in the Service Provider to any third party shall constitute such a prohibited assignment. For purposes of this paragraph, an individual’s or entity’s “Interest” in the Service Provider means such party’s ownership interest or voting interest in the Service Provider, or such individual’s right to receive net income from the Service Provider’s operations.

10. Subcontracting. The Service Provider shall not subcontract any of its duties, burdens, or obligations under this Agreement without express prior written permission of RCEB, which may be withheld in its sole and absolute discretion. (For purposes of this Agreement, the terms “subcontract” and “subcontracting” also includes entering into partnerships, joint ventures and other arrangements involving the sharing, delegation or oversight of any of the Service Provider’s rights or obligations under this Agreement.) If RCEB approves such subcontracting, (1) the subcontractor shall also comply with all of Service Provider’s obligations under this Agreement, (2) RCEB shall not be responsible for any payments of any kind directly to any subcontractor under any circumstances, (3) RCEB shall not have any liability for any actions of any subcontractor and (4) the Service Provider shall not terminate or materially modify its agreement with such subcontractor unless the Service Provider first obtains the written consent of RCEB to do so, which consent shall not be unreasonably withheld.

11. Change in Key Management Personnel Requires RCEB’s Consent. The Service Provider shall not change key management personnel without the prior consent of RCEB, which shall not be unreasonably withheld. For purposes of this Agreement, the key management personnel of the Service Provider are (1) Debi Deutsch-Rios, Program Administrator, (2) Faith Richie, Senior Vice President of Development and (3) anyone else reasonably identified by RCEB as key management personnel. Service Provider will provide a copy of the replacement key management personnel’s resumes for review by RCEB.


12.1 During the performance of this Agreement, the Service Provider shall not unlawfully deny the Agreement’s benefits to any person on the basis of religion, color, ethnic-group identification, sex, sexual preference, sexual orientation, age, physical or mental disability, nor shall it discriminate unlawfully against any employee or applicant for employment because of
race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), sex or sexual orientation. The Service Provider shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

12.2 The Service Provider shall comply with the provision of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provision of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

12.3 The Service Provider shall permit access by representatives of the Department of Fair Employment and Housing and the awarding State agency, upon reasonable notice, at any time during normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, other sources of information and its facilities as such Department or agency shall require to ascertain compliance with this section.

12.4 The Service Provider shall give written notice of its obligations under this section to labor organizations with which it has a collective bargaining or other agreement.

13. Monitoring of the Service Provider. In accordance with the Welfare and Institutions Code, DDS and/or RCEB must monitor services purchased for RCEB's Consumers. Unless otherwise indicated, the Service Provider shall be notified of intended visits and their purpose at least 48 hours in advance of the visit. Unannounced visits shall be limited to situations where the circumstances clearly warrant such action; i.e., where there is reason to believe that the purpose of the visit would be thwarted if advance notice were given. In such event, RCEB and/or DDS may recover from the Service Provider funds paid for services when RCEB or DDS determines that services were not provided in accordance with RCEB's authorization or with applicable State laws or regulations. The Service Provider has the right to appeal actions taken by RCEB or DDS as a result of their monitoring findings, in accordance with applicable law and regulations.

14. Books and Records. During the term of this Agreement and for a minimum of five years thereafter, the Service Provider shall maintain records of services to Consumers to verify the provision of services and to document progress toward each Consumers' goals (or lack thereof), or changes in each Consumer or his or her behavior. (If a service is on an infrequent or irregular basis, records must be specific to the date, time, location, and service provided.)

15. DDS and RCEB Audits. The Service Provider shall make available any books and records, including corporate records, for audit, inspection or reproduction by authorized representatives of DDS, RCEB or any other appropriate State agency; such inspection of records shall be conducted with the minimum amount of disruption to the Service Provider's program. The Service Provider agrees to utilize and be bound by Title 17, California Code of Regulations, Sections 50600 et seq., should the Service Provider elect to appeal any audit adjustments. The Service Provider also agrees to accept liability for any audit adjustments disclosed by audit and
make prompt payment of amounts owed, unless appealed and liquidation is stayed pursuant to Title 17, California Code of Regulations, Section 50605.

16. **Service Provider Reviews and Audits:** This Section 16 applies when all payments Service Provider cumulatively receives from RCEB and other regional centers during Service Provider’s fiscal year (as determined on the Commencement Date of this Agreement) equals or exceeds $500,000.

   16.1 Service Provider shall, at RCEB’s request and at the Service Provider’s cost, cause an independent Certified Public Accountant to annually (1) provide either an independent review report of the Service Provider’s financial statements when the amount received from all regional centers during the Service Provider’s fiscal year is more than or equal to $500,000, but less than $2,000,000, or provide an independent audit if the amount received from all regional centers during the Service Provider’s fiscal year is equal to or more than $2,000,000; and (2) provide a copy of either the review results (the “Review Report”) or the annual audit results (the “Audit Report”) to RCEB.

   16.2 If the Service Provider engages an independent Certified Public Accountant to review (but not audit) Service Provider’s financial statements, (i) the review shall, at minimum, comply with the provisions set forth in Welfare and Institutions Code Section 4652.5(e) and (ii) the Review Report shall, at minimum, comply with the provisions set forth in Welfare and Institutions Code Section 4652.5(f).

   16.3 Service Provider shall commence the independent audit or review within 60 days after the end of Service Provider’s fiscal year. Service Provider shall complete the audit or review within 7 months after the end of the Service Provider’s fiscal year.

   16.4 In accordance with Welfare and Institutions Code Section 4652.5(b), Service Provider shall provide copies of the independent Audit Report or Review Report to RCEB within 30 days after completion of the audit or review.

   16.5 If RCEB believes that any issues identified in the Audit Report or Review Report have an impact on services the Service Provider provides to RCEB’s Consumers, RCEB will so notify the Service Provider and provide the Service Provider with 30 days to resolve such issues. Service Provider’s failure to resolve such issues to RCEB’s reasonable satisfaction within such 30-day period shall constitute a material breach of this Agreement. As a result of such uncured breach, RCEB may, among its other remedies, terminate this Agreement.

17. **Cap on Service Provider’s Administrative Costs.** Service Provider agrees that it will not spend more than 15% of the funds it receives from RCEB under this Agreement on the Service Provider’s administrative costs. For purposes of this paragraph, the Service Provider’s administrative costs shall include all of the items listed under California Welfare and Institutions Code §4629.7(a)(1) through (15), as such provisions may be amended from time to time. Conversely, those costs the Service Provider incurs that are immediately associated with the services the Service Provider offers to RCEB’s Consumers are considered direct service expenditures, and are not administrative costs. To insure the Service Provider complies with these requirements, the Service Provider shall provide RCEB with access to all books,
documents, papers, computerized data, source documents, consumer records, and other records pertaining to the Service Provider’s negotiated rates, upon RCEB’s request.

18. **Independent Contractor Status.** No relationship of employer and employee is created by this Agreement. The parties do not intend to create a partnership or similar relationship by this Agreement. The Service Provider and its agents and employees shall, in the performance of this Agreement, act in independent capacities, as independent contractors, and not as officers, employees, agents or representatives of RCEB or the State of California. The Service Provider agrees to perform its services at all times in strict accordance with currently approved methods and practices, and the sole interest of RCEB is to ensure that the Service Provider’s services shall be performed and rendered in a competent, efficient, timely and satisfactory manner and in accordance with the terms of this Agreement.

19. **Applicable State Laws and Regulations.** The Service Provider shall comply with all California and Federal statutes, laws, and regulations applicable to the Service Provider, and shall render services in accordance with the applicable provisions of California State laws, regulations promulgated thereunder, and the terms of this Agreement. Any provisions of this Agreement which conflict with State and Federal statutes and regulations are hereby amended to conform to the provisions of those statutes and regulations; such amendments shall be effective on the effective date of the statute(s) or regulation(s) necessitating it, and shall be binding on the parties even though such amendment may not have been reduced to writing as a part of this Agreement or an amendment hereto.

19.1 **HIPAA Compliance.** Under this Agreement, “HIPAA” means the federal Health Insurance Portability and Accountability Act (Pub. L. No. 104-191), the HIPAA regulations as set forth in 45 C.F.R. Parts 160 and 164 (aka the HIPAA Privacy Rule), and regulations on Standards for Privacy of Individually Identifiable Health Information. All parties shall at all times remain in compliance with the mandatory provisions of HIPAA, including but not limited to the HIPAA Privacy Rule. In performing its duties under this Agreement, Contractor may have access to “protected health information,” including but not limited to “individually identifiable health information,” and is therefore a “Business Associate” as those terms are defined in HIPAA. As such, concurrently with its execution of this Agreement, Contractor shall execute the “Business Associate Agreement – Contractor” attached to this Agreement and incorporated herein as Exhibit E.

20. **The Funding Contingency.** Notwithstanding anything in this Agreement to the contrary, the validity of this Agreement (including RCEB’s obligation to remit payments to the Service Provider) is conditioned on RCEB’s receipt of adequate funds from DDS to pay for the services described in this Agreement (the “Funding Contingency”). The Funding Contingency is a part of this Agreement because RCEB’s annual funding agreement with DDS provides that such funding agreement is subject to the appropriation of funds by the Legislature, and that if such funds are not appropriated for any fiscal year into which such funding agreement extends, the funding agreement is of no force and effect. RCEB shall therefore have the right and option to terminate this Agreement without liability, and such termination shall be deemed a failure of the Funding Contingency, if (1) DDS for any reason fails to deliver funds to RCEB for any period covered by this Agreement or (2) RCEB receives funds from DDS for a period covered by this Agreement but RCEB determines that such funds are inadequate to pay for all of the vendor
services and other expenses which RCEB expects to incur in such fiscal year, and therefore elects to fund other services rather than the services identified in this Agreement or (3) RCEB receives funds from DDS for a period covered by this Agreement and initially allocates a portion of such funds for the services in this Agreement, but thereafter elects to reallocate some or all of such DDS funds to fund services other than the services in this Agreement. When insufficient funds exist for RCEB to pay for all potential services, RCEB shall have the right (under clauses (2) and (3) above) in its sole and arbitrary discretion to fund services other than the services identified in this Agreement, based on which services RCEB believes are in its best interests. If there is a failure of the Funding Contingency, then (1) RCEB shall have no liability to pay any funds whatsoever to the Service Provider (other than funds for services previously validly performed by the Service Provider and for which RCEB has received DDS funding) or to furnish any other consideration under this Agreement and (2) neither party shall be obligated to further perform any provisions of this Agreement (other than those obligations intended to survive termination of this Agreement).

In addition to the above, if there are insufficient funds available from DDS to pay for all of the vendor services and other expenses that RCEB expects to incur in any fiscal year, as determined by RCEB in its sole and arbitrary discretion, RCEB shall have the option at any time, on 30 days’ notice to the Service Provider, to reduce or change the scope of services being provided under this Agreement. In such event, the parties will in good faith negotiate to attempt to agree on the Service Provider’s new amount of compensation under the modified Agreement. If the parties are unable to agree on the Service Provider’s new compensation for its modified services within such 30 day period, RCEB shall then either (1) terminate this Agreement, because of the failure of a Funding Contingency or (2) rescind its modification of the Service Provider’s services, in which event this Agreement shall continue in full force and effect without such modification in services or compensation.

21. **Default and Breach.**

21.1 **Notice of Default: Breach.** If a party (the “Complainant”) asserts that the other party to this Agreement has violated any of the provisions of this Agreement, the Complainant shall so inform the other party (the “Party in Default”) in writing and shall state the nature of such default in detail (the “Notice of Default”). If the default is curable, the Complainant shall give the Party in Default 30 days from receipt of the Notice of Default to cure such default. The failure of the Party in Default to timely cure the default shall constitute a breach of this Agreement by the Party in Default (the “Breach”); provided, however, if the default is curable but is not reasonably susceptible of cure within such 30-day period, the Party in Default shall not be considered in Breach as long as the Party in Default commences the cure within such 30-day period and thereafter diligently prosecutes such cure to completion.

21.2 **Service Provider’s Default Based on Significant Consumer Dissatisfaction.** If RCEB concludes, in its reasonable judgment, that two or more of the Service Provider’s Consumers are significantly dissatisfied with the services provided by the Service Provider, RCEB may inform the Service Provider in the Notice of Default that such default is non-curable. In such event, the Service Provider (1) will not have any cure rights and (2) shall be considered automatically in Breach of this Agreement on the 30th day after RCEB delivers the Notice of Default.
21.3 Service Provider’s Default Based on Severe Misconduct. If the misconduct of the Service Provider or its agents, employees or representatives results in imminent danger to the health or safety of any Consumer, RCEB may inform the Service Provider in the Notice of Default that such default is non-curable. In such event, the Service Provider (1) will not have any cure rights and (2) shall be considered automatically in Breach of this Agreement on the second business day after RCEB delivers the Notice of Default. Circumstances which constitute imminent danger to the health or safety of a Consumer include, but are not limited to: physical, emotional, or mental abuse, sexual misconduct, Consumer abandonment or neglect, theft of a Consumer’s money or property, violation of a Consumer’s rights under the law, placement of a Consumer in physical danger, or any other circumstance that brings potential physical or emotional harm to a Consumer.

22. Termination and Other Remedies.

22.1 RCEB’s Remedies After Notice of Default. If the Service Provider fails to perform under this Agreement, then RCEB may, upon its delivery of a Notice of Default, withhold all or part of the unremitted funds due under this Agreement (and under any other agreement between RCEB and the Service Provider) until satisfactory corrective measures are taken by the Service Provider.

22.2 RCEB’s Remedies Upon Breach. Upon the Service Provider’s Breach of this Agreement, RCEB may (1) transfer all or part of the tasks to be performed under this Agreement to another provider, either temporarily or permanently, and/or (2) perform the task itself and at the expense of the Service Provider and/or (3) terminate this Agreement for cause and without further notice.

22.3 Service Provider’s Remedies. If RCEB defaults and then fails to timely cure its default under this Agreement, then the Service Provider may, upon a Breach by RCEB, terminate this Agreement and obtain recovery of its actual damages as its sole and exclusive remedy. The Service Provider hereby waives all right to seek or obtain consequential damages, indirect damages, lost profits and punitive damages from RCEB.

22.4 Special Termination Provision for a CCH. In addition to all of RCEB’s other rights and remedies, RCEB may terminate this Agreement on 30 days’ notice, in accordance with Welfare and Institutions Code §4684.85(a) and 17 CCR §59058, when RCEB determines that the Service Provider is unable to maintain substantial compliance with state laws, regulations or this Agreement, or the Service Provider demonstrates an inability to ensure the health and safety of the Consumers residing in the Residence. If RCEB terminates this Agreement pursuant to Welfare and Institutions Code §4684.85(a), the Service Provider may appeal such decision in accordance with the procedures in Welfare and Institutions Code §4684.85(b).

22.5 Special Termination Provision Resulting from Loss of Certification or Licensure. DDS’s rescission of the Service Provider’s program certification pursuant to Welfare and Institutions Code §4684.85(c), or the State Department of Social Services’ revocation of the Service Provider’s residential care facility license for the Residence pursuant to Health and Safety Code Section 1550, shall constitute a Breach of this Agreement by the Service Provider.
22.6 Termination Without Cause. Notwithstanding anything in this Agreement to the contrary, either party to this Agreement may terminate this Agreement at any time without cause upon 180 calendar days prior written notice to the other party. Notwithstanding the foregoing, if a failure of the Funding Contingency (described in Section 20 above) occurs, RCEB may, at its option, terminate this Agreement without cause on 60 days written notice to the Service Provider.

22.7 Consequences of Termination. Upon the termination of this Agreement for any reason, with or without cause, the Service Provider shall execute all documents and perform all acts reasonably requested by RCEB to insure a smooth transition of all of the Service Provider's rights and responsibilities at the Residence to a new service provider (including but not limited to compliance with all provisions in the Lease).

22.8 Specific Performance. The parties acknowledge that a Breach of this Agreement by the Service Provider will result in significant damages to RCEB, which is impossible or extremely difficult to determine, and that monetary damages would be an inadequate remedy for such Breach. Further, the Service Provider’s failure to sign the Lease or assign its interest in the Lease (if so instructed by RCEB) or otherwise cooperate to insure a smooth transition of all of the Service Provider’s rights and responsibilities at the Residence to a new service provider, could jeopardize the health and safety of RCEB’s Consumers. As such, the parties agree that RCEB has the right to specifically enforce the Service Provider’s obligations under this Agreement. Thus, RCEB may obtain a temporary restraining order, preliminary injunctive relief and permanent injunctive relief to require the Service Provider to perform its obligations to RCEB, including but not limited to its obligation to assign its interest in the Lease to a new service provider, if applicable.

23. Cooperation with RCEB. This Agreement and the Lease reflect a new housing model for Consumers in California, and it is therefore not possible to precisely identify all matters that should be addressed by this Agreement. The Service Provider acknowledges that RCEB and/or DDS are continuing to develop policies, procedures and regulations in connection with the Service Provider’s intended operation of the Residence. Therefore, the Service Provider agrees to fully cooperate with RCEB and DDS in connection with such ongoing development of this new concept, including revising its own procedures to meet any new policies, procedures and regulations that may be implemented by RCEB relating to the Residence and its operation. Further, the Service Provider agrees to enter into amendments to this Agreement at the request of RCEB from time to time, to further reflect and refine the Service Provider’s rights and obligations relating to the Consumers under its care, as long as such amendments do not materially increase the Service Provider’s obligations under this Agreement. The Service Provider shall also take all actions and execute all documents necessary or appropriate to perform its obligations under this Agreement.

24. Change in Scope of Services. During the term of this Agreement, RCEB may request changes in the scope of the Service Provider’s services. Such changes shall not be valid unless accepted by the Service Provider and memorialized in a writing executed by all parties. The Service Provider’s entitlement to any additional compensation for additional services is conditioned on the execution of such written agreement.
25. **Address for Notices.** Any notices required or permitted under this Agreement shall be in writing and shall be sufficiently given if either delivered in person or mailed by a nationally recognized overnight mail carrier or, certified or registered mail, postage prepaid, to the parties at such address as each of them, by notice to the other, may designate from time-to-time. Any written document will be deemed delivered either (1) on the day of the delivery in person, (2) the next business day if delivered by overnight carrier or (3) two business days after the mailing of such document by certified or registered mail.

25.1 **Mail.** All notices which are mailed shall be sent either by United States first class mail (registered or certified, return receipt requested), or by Federal Express or other express delivery service providing proof of receipt, addressed as follows:

**To RCEB:**

Regional Center of the East Bay  
Attn. Steve Robinson  
500 Davis Street, Suite 100  
San Leandro, CA 94577  
Phone: (510) 618-7747  
Fax: (510) 618-7797

**To the Service Provider:**

Telecare Corporation  
Attention: Faith Richie  
1080 Marina Village Parkway Ste. 100  
Alameda, CA 94501  
Phone: (510) 337-7950  
Fax: (510) 337-7969

or to such other address as either party may designate to each other in accordance with the provisions of this section.

26. **Amendments.** No supplement, modification, understanding, verbal agreement, or amendment of this Agreement shall be binding unless executed in writing by RCEB and the Service Provider. The parties that, in accordance with 17 CCR §59057(d), the execution of any amendment or modification to this Agreement shall be in accordance with all applicable laws and shall be by mutual agreement by both parties.

27. **Severability.** If any provision of this Agreement is held to be inoperative, unenforceable or otherwise invalid, the remaining provisions shall remain in full force and effect.

28. **No Waiver.** No waiver by either party of the other’s Breach of any provision of this Agreement shall constitute a waiver in the future of the same or any other subsequent Breach by the other party. The failure of either party to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. No custom or practice that may develop between the parties in the course of administering this Agreement shall be construed to waive any party’s right to insist upon the strict performance by the other party of any obligation in this Agreement.

29. **Time of the Essence.** Time is the essence with respect to all of each party’s obligations under this Agreement.

30. **California Law; Venue.** This Agreement will be construed and enforced in accordance with the laws of the State of California. The venue for any action filed to enforce or interpret this Agreement shall be Alameda County, California.
31. **Interpretation.** The section headings in no way define, limit, extend or interpret the scope of this Agreement or any particular paragraph, and the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so indicates. The provisions hereof shall not be construed against the drafter, but rather as if both parties drafted this Agreement. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

32. **Start-Up Agreement; Entire Agreement; Inconsistencies.** RCEB and the Service Provider are parties to a Start-Up Development Agreement dated April 1, 2017 (the "Start-Up Agreement"), by which RCEB provided certain start-up funding to the Service Provider relating to the development of services for Consumers of the Residence. The Start-Up Agreement is a separate contract, which remains in effect in accordance with its terms. The Start-Up Agreement, this Agreement and the exhibits hereto constitute the entire agreement and understanding between the parties pertaining to the subject matter contained herein, and supersede all prior agreements, representations, and understandings of the parties, either oral or written. However, if any inconsistencies exist between the Start Up Agreement and this Agreement, the provisions of this Agreement shall prevail.

33. **Cross Default Provisions.** This Agreement relates to the Service Provider's operation of this particular Residence, and no other residence. The parties may enter into other service agreements, including but not limited to start-up contracts and service provider agreements, to allow the Service Provider to operate this and other residences (collectively, the "Other Agreements"). A breach by the Service Provider under any of the Start Up Agreement or any of the Other Agreements shall be deemed a Breach by the Service Provider under this Agreement. A Breach by the Service Provider under this Agreement shall be deemed a breach by the Service Provider under the Start Up Agreement and all of the Other Agreements.
34. **Counterparts; Delivery.** This Agreement may be executed in counterparts, each which shall be deemed an original and all of which shall constitute one and the same instrument. Signed copies of this Agreement delivered by facsimile or electronically in PDF (or similar format) shall be deemed the same as originals.

Executed in San Leandro, California, as of the date first set forth above.

**RCEB:**

REGIONAL CENTER OF THE EAST BAY INC., California nonprofit corporation

By: ____________________________
    Steve Robinson
    Director of Community Placement Plan

By: ____________________________
    Lynn Nguyen
    Director of Finance and Administration

**SERVICE PROVIDER:**

TELECARE CORPORATION, a California corporation

By: ____________________________
    Faith Richie
    Senior Vice President, Development

**EXHIBITS:**
A – Program Plan
B – Confirmation of Commencement Date
C – Lease Addendum
D - Facility Rate DS6023
E – Business Associate Agreement
EXHIBIT "A" TO SERVICE PROVIDER AGREEMENT

PROGRAM PLAN

-Attached-
[Attach Program Plan Here]
EXHIBIT “B” TO SERVICE PROVIDER AGREEMENT

CONFIRMATION OF COMMENCEMENT DATE

The undersigned are parties to a Service Provider Agreement for a CCH dated __________, 201__ for property located at ____________________________.

The undersigned agree that the “Commencement Date” of the Service Provider Agreement was __________, 201__.

Executed at San Leandro, California on _________________ 201__.

“RCEB”

REGIONAL CENTER OF THE EAST BAY, INC., a California corporation

By: ________________________________ By: ________________________________
Name: ________________________________ Name: ________________________________
Title: ________________________________ Title: ________________________________

“Service Provider”

TELECARE CORPORATION, a California Corporation

By: ________________________________ By: ________________________________
Name: ________________________________ Name: ________________________________
Title: ________________________________ Title: ________________________________
EXHIBIT "C" TO SERVICE PROVIDER AGREEMENT

THE LEASE ADDENDUM

-Attached-
ADDENDUM TO LEASE

This is an Addendum to the Lease Agreement dated __________, 20__ ("Lease"), by and between SP West Properties LLC, an Ohio limited liability company ("Landlord") and ____________________________ ("Tenant") for premises commonly known as __________________________, California (the "Premises"). If any inconsistency exists between the Lease and the terms of this Addendum, the terms of this Addendum shall control. Any terms not specifically defined in this Addendum shall have the meanings attributed to them in the Lease.

The parties further agree as follows:

1. Third Party Beneficiary. Regional Center of the East Bay, Inc., a California nonprofit corporation ("RCEB") is a third party beneficiary of both (1) Landlord’s rights against Tenant and (2) Tenant’s rights against Landlord under this Lease and this Addendum.

2. Use of the Premises; Permitted Uses. The Premises shall be used solely as a long-term residence for persons who are developmentally disabled and eligible for services from RCEB (the "Intended Use"). Tenant shall not use the Premises for any other use without (1) Landlord’s prior written consent, which shall not be unreasonably withheld, and (2) RCEB’s prior written consent. The purpose of this provision is to ensure that the use of the Premises is maintained for the benefit of persons with developmental disabilities, in accordance with the Restrictive Covenant encumbering the Premises.

3. Vendorization Compliance. During the Term of this Lease, Tenant shall at all times: (1) maintain its vendorization with RCEB; (2) comply with all service provider vendorization and other applicable requirements under law (including but not limited to the applicable provisions in Titles 17 and 22 of the California Code of Regulations and Divisions 4.5 and 9 of the California Welfare and Institutions Code); and (3) comply with all requirements of Tenant’s Service Provider Agreement with RCEB (hereinafter collectively, the "Vendorization Requirements"). RCEB’s delivery of written notice to Landlord that Tenant is in breach of any Vendorization Requirement shall constitute a default and breach under this Lease; provided, however, RCEB will not provide such notice to Landlord until after (1) RCEB has notified Tenant in writing that Tenant is in breach of the Vendorization Requirements and (2) Tenant fails to cure such breach by the deadline set forth in RCEB’s notice (based on the notice and cure periods set forth in the Service Provider Agreement between RCEB and Tenant in its capacity as Service Provider). Upon Landlord’s receipt of such notice, Landlord shall promptly exercise its rights under the Lease to evict Tenant (or require Tenant to assign its rights under this Lease to a new Service Provider selected by RCEB as provided in Section 5 below); provided, however, (1) all costs of such eviction or lease assignment shall be borne by RCEB and (2) at RCEB’s request, Landlord will delegate to RCEB the authority to engage counsel to evict Tenant on behalf of Landlord.

4. Insurance Policy Requirements. All insurance policies that Tenant is obligated to maintain or cause to be maintained under this Lease shall (a) provide that they will not be cancelled on less than 30 days' prior written notice to Landlord and RCEB and (b) in the case of liability policies, contain a named insured endorsement and name Landlord and RCEB as
"additional named insureds". Certificates of insurance shall be provided to Landlord and RCEB upon request during the Term.

5. Default; Special Notice, Cure and Assignment Rights Available to RCEB. Notwithstanding anything in the Lease to the contrary, Landlord shall not avail itself to any remedies under the Lease in the event of an Event of Default by Tenant until Landlord has also notified RCEB in writing of the breach and has given RCEB the same amount of time to cure the breach as Tenant is entitled to under this Lease. If RCEB timely cures the breach, then RCEB may elect to designate a replacement tenant in lieu of Tenant (a "Designee") upon delivery to Landlord, as soon as practicable after such cure, but in all events, prior to the Designee taking possession of the Premises, of a written assumption by the Designee of Tenant's obligations under this Lease, which assumption shall be in form and content reasonably acceptable to Landlord. RCEB will use its commercially reasonably best efforts to cause the Tenant to pay rent to Landlord during any default and cure period. The date of any such delivery of such written assumption of Tenant's obligations by Designee pursuant to the foregoing sentence is hereinafter referred to as the "Default Assignment Date." In the event of any such election, Landlord agrees to recognize the assignment of this Lease to the Designee, in the manner and on terms and conditions more fully described below, and to accept the performance by the Designee as the tenant under this Lease, subject to all of the terms and conditions hereof:

5.1 Upon a Default Assignment Date, Tenant shall be deemed to have made an absolute, irrevocable assignment without any condition precedent, for purposes of vesting in the Designee all of Tenant's right, title and interest in this Lease, and in and to the following intangible property, agreements and deposits which are now or hereafter used in connection with the provision of Services in the Premises (collectively, the "Intangibles"): (1) Tenant's management agreements and service contracts for the benefit of the Premises and which can be terminated without penalty by Tenant within 30 or fewer days' notice; (2) all existing agreements with RCEB's consumers who reside on the Premises (the "Residents"), to the extent assignable by Tenant (excluding the right to any payments for periods prior to the Default Assignment Date); and (3) all deposits of any nature (including but not limited to security deposits, utility deposits and Residents' deposits), prepaid rent and Residents' personal accounts held by Tenant. Designee agrees to assume all of Tenant's obligations under the Intangibles from and after the Default Assignment Date.

5.2 Upon the Default Assignment Date, the Designee shall be responsible for and shall pay all expenses with respect to the Premises accruing on or after the Default Assignment Date and shall be entitled to receive and retain all revenues from the Premises accruing on or after the Default Assignment Date.

5.3 Upon the Default Assignment Date, all necessary arrangements shall be made to provide possession of the Premises to the Designee as soon as is practicable, but in no event later than five (5) days after RCEB notifies Tenant and Landlord of the name and address of the Designee and Designee executed the assumption of the Lease. At the time Tenant transfers possession of the Premises to the Designee, Tenant shall deliver to RCEB and the Designee (1) all Resident records and other personal information concerning all Residents residing at the Premises as of the Default Assignment Date and (2) all financial statements and other relevant records used or developed in connection with the Premises or provision of Services at the
Premises. Such transfer and delivery shall be in accordance with all legal requirements concerning the transfer of such records.

5.4 On the Default Assignment Date, Tenant shall provide RCEB with an accounting of all funds belonging to Residents at the Premises that are held by Tenant in a custodial capacity. Such accounting shall set forth the names of the Residents for whom such funds are held and the amounts held on behalf of each such Resident. Additionally, Tenant shall make or assist with all necessary arrangements to transfer such funds to a bank account designated by RCEB, and RCEB or its Designee shall in writing acknowledge receipt of and expressly assume all Tenant's financial and custodial obligations with respect thereto.

5.5 All cash, checks and cash equivalents at the Premises and deposits in bank accounts (other than any client trust accounts) relating to the Premises on the Default Assignment Date shall remain Tenant's property after the Default Assignment Date. Tenant shall remain responsible for the payment of its liabilities, including accounts payable and payment of rent and performance of all obligations under the Lease. RCEB or its Designee shall assume responsibility for the billing and collection of payments on account of Services rendered by Designee on and after the Default Assignment Date. All payments applicable to Services rendered after the Default Assignment Date shall be retained by RCEB or its Designee. RCEB or its Designee shall cooperate with Tenant in Tenant's collection of its remaining accounts receivable. Neither RCEB nor its Designee shall have any liability for uncollectible receivables, and neither shall be obligated to bear any expense as a result of such activities on behalf of Tenant.

5.6 RCEB or its Designee shall have an option to purchase any, all, or none of Tenant's furnishings and equipment used in the operation of the Premises for a price equal to its then fair market value (provided, however, to the extent (1) such furnishings and equipment were already located at the Premises at the time Tenant began to lease the Premises or (2) Tenant or its predecessor(s) had purchased such equipment and furnishings with funds provided by RCEB or any of them, Tenant shall transfer ownership of such equipment and furnishings to RCEB or its Designee for no additional consideration). RCEB or its Designee may exercise its option at any time prior to the expiration of 30 days following the Default Assignment Date. If the parties are unable to agree upon the fair market value of any equipment or furnishings which RCEB or its Designee elects to purchase, RCEB shall remit what it reasonably believes to be fair market value, Tenant shall transfer the items to RCEB or its Designee and the parties shall resolve any remaining differences by jointly selecting a third party appraiser to value the items, and such appraiser's decision will be binding on the parties. If the parties are unable to agree on an appraiser, either party may petition to a judge of the Superior Court in the County in which the Premises is located to select an appraiser on behalf of the parties. RCEB or its Designee shall also have the right to purchase all, some, or none of Tenant's supplies on hand upon the Default Assignment Date for a price equal to their cost to Tenant. Such option may be exercised at any time prior to the expiration of 30 days following the Default Assignment Date. Any of Tenant's furnishings and equipment that are not transferred to RCEB or the Designee shall be removed from the Premises and properly disposed of in accordance with applicable laws and ordinances. Designee and Tenant shall indemnify, defend and hold Landlord harmless from any claims, damages, actions or cause of action related to the transfer or disposal of Tenant's furnishings and equipment.
5.7 RCEB or its Designee shall have the right to download, copy, or otherwise use any computer programs used in the provision of Services at the Premises, without charge by Tenant, for a period of six months following the Default Assignment Date. Tenant agrees not to erase or delete any data available upon its computer system that relates to the operation of the Premises.

5.8 The parties acknowledge that in the event RCEB elects to cause this Lease to be assumed by a Designee pursuant to this Section 5, it may take several months for such Designee to obtain all necessary licenses and permits and a new agreement between it and RCEB for the Designee to provide residential care services for people with developmental disabilities ("Provider Agreement"). In light of the foregoing, Tenant agrees that upon the Default Assignment Date, Tenant shall, at RCEB's option but at no cost to Tenant or Landlord (including payments due and owing under the Lease), enter into appropriate interim arrangements with the Designee, effective as of the Default Assignment Date, whereby Tenant shall continue to provide Services at the Premises as licensee for so long as it takes the Designee to obtain the necessary licenses and permits and new Provider Agreement, provided that Tenant may, in coordination with the California Departments of Health Services and Social Services, (1) delegate to Designee (or RCEB), as manager at the Premises, any and all functions that it is permitted to delegate under California law; and/or (2) allow Designee to use Tenant's Medicare and Medicaid (including Medi-Cal) provider numbers ("Provider Numbers") until it obtains new Provider Numbers. Any Designee that provides Services at the Premises under Tenant's License or Provider Number shall not be the subject of a current license revocation or a current termination of a Medicare or Medicaid provider agreement. The agreement(s) documenting such interim arrangements shall provide that the Designee shall indemnify Tenant for any losses or damages incurred by Tenant as a direct result of the Designee's negligence, including, without limitation, any actions taken by the California Department of Developmental Services or any other governmental agency, in response to acts or omissions of the Designee at the Premises while operating under Tenant's Licenses and Permits that have a quantifiable adverse effect on the ability of Tenant to secure or maintain an intermediate care residence or an adult residential case residence license, where applicable. In order to receive such indemnity, Tenant shall be required to demonstrate that the adverse effect would not have occurred but for the acts or omissions of the Designee.

5.9 Tenant further agrees to take any action RCEB deems reasonably necessary to prevent, and Tenant shall not permit the occurrence of (1) a lapse in or limitation in the licenses and permits required to use the Premises for its Intended Use (the "Licenses and Permits") (or the eligibility of the Premises for Medicare or Medi-Cal reimbursement, if applicable), (2) transfers of Residents from the Premises and/or (3) appointment of a temporary manager (not approved by RCEB) or receiver.

5.10 Without limiting the foregoing, Tenant agrees, after a breach and upon RCEB's request, to: (1) sublease the Premises to the Designee subject to the provisions of Section 5 hereof and subject to all of the terms and conditions of the Lease, including providing a copy of the proposed sublease to Landlord; (2) cease providing licensed care or services at the Premises; (3) cease representing itself to the public as having the Licenses and Permits to provide licensed care or services at the Premises; (4) provide for the management of the
6. **Assignment, Subletting and Lease Modifications**

6.1 **Transfers.** Tenant is prohibited from, and shall not assign, sublet, encumber, mortgage, transfer or dispose of (each a "Transfer") all or any part of the Premises, this Lease or Tenant's leasehold estate hereunder, without first obtaining the written consent of RCEB and notifying DDS of the Transfer. Subject to Landlord’s rights in clause (2) of Paragraph 6.3 below, any Lease assignment or sublease consented to by RCEB shall not require the Landlord’s consent.

6.2 **Lease Modifications/Terminations Require Consent of RCEB.** Neither Landlord nor Tenant shall amend or modify this Lease in any material way without first obtaining the written consent of RCEB. Neither Landlord nor Tenant shall terminate this Lease without first obtaining the written consent of RCEB. Any such purported material amendment, modification or termination without RCEB’s written consent shall be voidable at RCEB’s option. RCEB may condition its consent to the termination of this Lease on its approval of a replacement Lease for the Premises between Landlord and a new tenant (who is approved in accordance with the terms in Paragraph 6.1 above) that contains the same terms and conditions of this Lease, including the same protections for the RCEB as in this Lease.

6.3 **Assignee’s Assumption of Lease Obligations.** No assignment by Tenant of this Lease shall be valid unless and until (1) the requirements of Paragraph 6.2 above have been complied with (or the assignee is a Designee as defined in Paragraph 5 above) and (2) the assignee executes and delivers to Landlord a written assumption of Tenant’s obligations under this Lease for the benefit of Landlord in form and content reasonably acceptable to Landlord.

7. **Tenant’s Indemnities.** Tenant shall indemnify, hold harmless and defend Landlord and RCEB from and against all liabilities, claims, damages, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by Landlord or RCEB to the extent resulting from: (a) any personal injury to RCEB's consumers or other third parties or property damage occurring during the Term on or about the Premises caused by the negligence or misconduct of Tenant or any employee, agent, contractor, consultant, subtenant, Resident or invitee of Tenant; (b) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; (c) any claim for negligence or misconduct committed by any Resident or by Tenant or by any employee, agent, contractor, consultant, subtenant, or invitee of Tenant; and (d) any claims or actions arising from any interim arrangements, delegation, use of Provider Numbers or lapse or limitation of Licenses and/or Permits as outlined in Section 5.8 and Section 5.9 hereof.

8. **Landlord’s Indemnities.** Landlord shall indemnify, hold harmless and defend Tenant and RCEB from and against all liabilities, claims, damages, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by Tenant or RCEB to the extent resulting from: (a) any accident, injury to or death of third parties or loss of or damage to property occurring prior to the Term on or about the Premises not caused or contributed to by the negligence or misconduct of Tenant or RCEB or their respective
employees, agents or consultants; (b) any failure on the part of Landlord to perform or comply with any of the terms of this Lease; and (c) the negligence of Landlord or Landlord’s agents, employees, contractors or invitees.

9. **Estoppels for RCEB.** Landlord and Tenant shall each provide Estoppel Certificates to RCEB within fifteen (15) days of a request, certifying (a) that this Lease is unmodified and in full force and effect (or if modified setting forth the modifications); (b) the dates to which the rent has been paid; (c) whether, to the responder’s knowledge, any party is in default in the performance of any provision contained in this Lease and, if so, specifying such default(s); and (d) responses to such other questions or statements as RCEB shall reasonably request. The responder’s failure to timely deliver such statement shall constitute an acknowledgment by the responder that (i) this Lease is unmodified and in full force and effect except as may be represented to the contrary by RCEB; and (ii) the other matters set forth in such request are true and correct.

10. **Changes in Rent.**

10.1 **Reduction of Rent Upon Repayment of a Loan.** At such time(s) as each loan secured by a deed of trust encumbering the Premises has been repaid in full (without refinancing), the rent under this Lease shall be reduced by an amount equal to the monthly installment payments previously owed by Landlord to such lender (and Tenant’s rate of payment under its Service Provider Agreement with RCEB shall be reduced by the same amount).

10.2 **Reduction of Rent Tied to Reduction in Real Property Taxes for Tax Exempt Service Provider.** If the Tenant or any successor Tenant is a nonprofit entity under Internal Revenue Code section 501(c)(3), then once Landlord receives a real property tax exemption for the Premises, the rent under this Lease shall be reduced by an amount equal to the difference between (i) the amount of real property taxes in effect on the date Landlord acquired fee title to the Premises and (ii) the amount of the reduction in real property taxes as a result of obtaining the tax exemption (and Tenant’s rate of payment under its Service Provider Agreement with RCEB shall be reduced by the same amount).

10.3 **Change of Rent Due to Changes in Operating, Maintenance and/or Repair Costs.** At Landlord’s request to RCEB, such parties shall meet (but not more often than every twelve months) to discuss whether to increase the rent to the extent Landlord’s net operating, maintenance and/or repair costs have increased during such previous twelve month period (after taking into account any additional funds Landlord has received from RCEB, Tenant or any third party during such time period to compensate Landlord for any changes in such costs). As a result of such meeting, the parties may mutually agree to increase the rent to a new fixed monthly amount to account for such net cost increases (and, in such event, Tenant’s rate of payment under its Service Provider Agreement with RCEB shall be automatically increased by the same amount); provided, however, (i) RCEB may consent or withhold its consent to any increase in rent at RCEB’s sole and absolute discretion and (ii) RCEB may condition its agreement to increase the rent on the California Department of Developmental Services’ approval of such rent increase.
11. **Conveyance by Landlord.** If Landlord or any successor owner of Landlord's rights in and title to the Premises shall convey the Premises, the transferee(s) shall assume in writing, for the express benefit of RCEB, all obligations and liabilities of Landlord hereunder arising or accruing from and after the date of such conveyance or transfer, including all obligations of Landlord under the Restrictive Covenant encumbering the Premises in favor of RCEB and the California Department of Developmental Services.

12. **Notices.** All notices to RCEB under this Lease shall be addressed as follows (although RCEB may, by notice to the other parties from time to time, specify a different address for notice purposes):

Regional Center of the East Bay  
Attention: Steve Robinson  
500 Davis Street, Suite 100  
San Leandro, CA 94577  
Phone: (510) 618-7718  
srobinson@rcsb.org

Executed at San Leandro, California as of the first date written above.

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**“Landlord”**

SP WEST PROPERTIES LLC,
an Ohio limited liability company

By:  
Name:  
Title:

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**“Tenant”**

TELECARE CORPORATION, a California corporation

By:  
Name:  
Title:
EXHIBIT "D"

DS6023: Rate Development- Facility Costs
EXHIBIT "E"

BUSINESS ASSOCIATE AGREEMENT - CONTACTOR

This Business Associate Agreement - Contractor ("Agreement"), effective as of 15, 2019, is entered into by and between Regional Center of the East Bay, Inc., a California nonprofit corporation ("RCEB") and Telecare Corporation, a California corporation ("Contractor"). Contractor and RCEB are each referred to herein as a "Party," and collectively, the "Parties." The Parties enter into this Agreement in accordance with the following facts:

A. RCEB arranges for the provision of services to individuals with developmental disabilities ("Consumers"). In providing its services, RCEB acts as a Business Associate of the California Department of Developmental Services ("Covered Entity"). As a necessary part of arranging services to Consumers served by Covered Entity, RCEB may have access to Protected Health Information ("PHI") as such term is defined in the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), and its Privacy and Security Rules.

B. Contractor is, or desires to be, vendorized by RCEB to provide services to RCEB's Consumers. Once Contractor is vendorized, RCEB may elect to enter into one or more agreements with Contractor (each, a "Service Provider Agreement") to provide specific services to specific Consumers.

C. Under each Service Provider Agreement, it is anticipated that Contractor may receive and use PHI from and related to RCEB’s Consumers.

D. The purpose of this Agreement is to comply with the requirements of HIPAA, its associated regulations (45 CFR Parts 160-164), and the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5), as these laws may be amended, as well as any state law(s) or regulation(s) governing the privacy and security protections of confidential information created or received by Contractor pursuant to each Service Provider Agreement.

In consideration of the following mutual covenants, the Parties therefore agree as follows:

35. **DEFINITIONS.** Except as otherwise defined herein, any and all capitalized terms in this Agreement shall have the definitions set forth in HIPAA and its Privacy and Security Rules.

36. **OBLIGATIONS AND DUTIES OF CONTRACTOR.**
36.1 General. Contractor agrees not to use or disclose any Consumer's PHI other than as permitted or required by this Agreement or by applicable law.

36.2 Safeguard. In accordance with 45 CFR Part 164, Subpart C and 45 CFR §164.314(a)(2)(i)(A)&(B), Contractor agrees to use appropriate administrative, physical and technical safeguards to prevent the use or disclosure of any Consumer’s PHI, including Electronic PHI other than as provided for by this Agreement.

36.3 Standard Transactions. Under HIPAA, the US Department of Health and Human Services has adopted certain standard transactions for the electronic exchange of health care data ("Standard Transactions"). If Contractor conducts any Standard Transactions on behalf of Covered Entity or RCEB, Contractor shall comply with the applicable requirements of 45 C.F.R. Parts 160-162. Contractor acknowledges that as of the effective date of this Agreement it may be civilly and/or criminally liable for failure to comply with the safeguards, policies, and procedure requirements, or any of the use and disclosure requirements, established by law.

36.4 Mitigation. Contractor agrees to mitigate, to the extent practicable and appropriate, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of the requirements of this Agreement.

36.5 Agents: Subcontractors. Contractor agrees to ensure that its agents, including any subcontractor, to whom it provides PHI received from, or created or received by Contractor on behalf of Covered Entity or RCEB, agrees to the same restrictions and conditions applicable to Contractor with respect to such information.

36.6 Access to PHI by Covered Entity, RCEB or Consumer. Consumers have a right to access their PHI in a designated record set. A "Designated Record Set" is defined at 45 CFR 164.501 as a group of records maintained by or for a Covered Entity that comprises the (i) medical records and billing records about Consumers maintained by or for a Covered Entity, (ii) enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan, or (iii) other records that are used, in whole or in part, by or for the Covered Entity to make decisions about Consumers. The term "record" means any item, collection, or grouping of information that includes PHI and is maintained, collected, used, or disseminated by or for a Covered Entity. If applicable, and upon request by Covered Entity or RCEB, Contractor agrees to provide access to Covered Entity, RCEB or to a Consumer as directed by Covered Entity or RCEB, the PHI in a Designated Record Set within fifteen (15) days in order to meet the requirements under 45 C.F.R. section 164.524. In addition, as of the effective date of this Agreement, with respect to information contained in an Electronic Health Record, Contractor will provide access to such records in electronic format.

36.7 Amendments to PHI. If applicable, Contractor agrees to make any amendment(s) to PHI in a Designated Record Set as directed or agreed to by Covered Entity or RCEB pursuant to 45 C.F.R. section 164.526, and as requested by the Covered Entity, RCEB or a Consumer, within fifteen (15) days of receipt of a request. Any denials, in whole or in part, of requested amendments shall be made by Contractor in accordance with 45 C.F.R. section 164.526.
36.8 **Audit.** Contractor agrees that the Secretary of the Department of Health and Human Services (the "Secretary") shall have the right to audit Contractor's internal records, books, policies, and practices relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of Covered Entity or RCEB, in a time and manner agreed to by the Parties, or as otherwise designated by the Secretary, for purposes of the Secretary determining compliance with the HIPAA Privacy Rule.

36.9 **Documentation of Disclosed Information.** Contractor agrees to document disclosures of PHI, and information related to such disclosures (collectively, "Disclosed Information"), as would be required for Covered Entity or RCEB to respond to a request by Consumer for an accounting of disclosures of PHI in accordance with 45 C.F.R. section 164.528, as amended from time to time. Contractor hereby agrees to take reasonable steps to enable it to comply with the requirements of this section and to notify RCEB of any such requests. Contractor shall promptly notify RCEB of the existence of any Disclosed Information.

36.10 **Disclosure Accounting: Retention.** Contractor agrees to provide Disclosed Information to Covered Entity, RCEB or to Consumer at Covered Entity's or RCEB's request, within fifteen (15) days of such request, in order to permit Covered Entity to meet its obligations in accordance with 45 CFR section 164.528. Contractor shall maintain Disclosed Information for six (6) years following the date of the event or incident to which such information relates.

36.11 **Privacy or Security Breach.**

36.11.1 In accordance with applicable law, Contractor agrees to give written notice (an "Incident Notice") to Covered Entity and RCEB of any (a) use or disclosure of PHI that is not in compliance with the terms of this Agreement, of which it becomes aware ("Breach") and (b) attempted or actual Security Incident (collectively with a Breach, an "Incident"). An Incident Notice shall be made without unreasonable delay and, in no event, later than twenty four (24) hours after discovery of such Incident, except where a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security as described in 45 C.F.R. § 164.412. In addition, an Incident Notice shall include (to the extent possible) the following information:

(a) identification of each Consumer whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired, or disclosed during the Incident;

(b) the circumstances constituting and, to the extent relevant, surrounding the Incident (including, without limitation, the individual(s) causing the Incident and the person(s) receiving or accessing the PHI), the date of the Incident and date of discovery;

(c) the PHI affected or disclosed by the Incident on an individual Consumer-by-individual Consumer basis;

(d) the steps Contractor is taking to investigate and correct the Incident, mitigate harm or loss to affected Consumers, and protect against future similar Incidences.
(e) the actions which Consumers affected by the Incident should take to protect their interests; and

(f) a contact person for additional information.

36.11.2 Contractor shall cooperate with Covered Entity and RCEB in the investigation of the Incident, and in conducting any risk assessment necessary to determine whether notification of the Incident is required, and shall maintain, and provide at the direction of RCEB or Covered Entity, all reasonable and appropriate documents, files, records, or logs related to the Incident. For purposes of discovery and reporting of an Incident, Contractor agrees that it shall not be the agent of RCEB.

36.11.3 To the extent that any Incident involves a Breach of Unsecured PHI, and upon the request of RCEB or Covered Entity, Contractor shall provide notice to impacted Consumers, the media and the Secretary in the time and manner required by 42 U.S.C. § 17932 and 45 C.F.R. §§ 164.404, 164.406 and 164.408. Prior to providing any such notice, Contractor shall provide RCEB and Covered Entity with a reasonable opportunity to review and comment on such notice. Contractor shall maintain complete records regarding the Incident, the determination of whether notice is required and the issuance of the notice (including the recipients and content of such notice), and upon request, shall make such records available to RCEB and Covered Entity. Contractor shall also provide to Consumers affected by the Incident, upon the request of the Covered Entity or RCEB, such remedies as may be reasonably necessary or appropriate to mitigate the deleterious effects of the Incident including, without limitation, provision of credit report monitoring for a reasonable period of time. Any such remedies provided by Contractor pursuant to this section shall be at the sole expense of Contractor.

36.11.4 Notwithstanding Section 2.11.3 above, if RCEB or Covered Entity elects to provide the notice referenced in Section 2.11.3, Contractor shall promptly provide to RCEB and Covered Entity, the information required by 42 U.S.C. § 17932 and 45 C.F.R. §§ 164.404, 164.406 and 164.408, to the extent not previously provided in an Incident Notice.

36.11.5 Any annual notification to the Secretary as required under 42 U.S.C. § 17932(e) and 45 C.F.R. § 164.408(c), shall be provided by Covered Entity or RCEB, unless Covered Entity or RCEB directs Contractor to provide such notice within fifteen (15) days after the close of the calendar year. Contractor shall provide RCEB and Covered Entity a copy of the annual notification before it is provided to the Secretary sufficiently in advance of the due date to permit Covered Entity or RCEB to revise the notification as may be appropriate.

36.12 Genetic Information. Contractor shall not undertake any activity that may be considered underwriting based on genetic information, as defined by the Genetic Information Nondiscrimination Act and prohibited under the HIPAA Privacy & Security Rules.

36.13 Compliance. Contractor shall comply with all other privacy and security requirements made applicable to it by HIPAA, the HITECH Act and the HITECH Rules as promulgated by the Secretary. In addition, Contractor shall comply at all times with the requirements imposed on Covered Entity, RCEB and Contractor by state health information privacy laws including, without limitation, the Confidentiality of Medical Information Act (Cal.
37. PERMITTED USES AND DISCLOSURES BY CONTRACTOR.

37.1 Business Relationship Activities. Except as otherwise limited in this Agreement, Contractor may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity and RCEB as specified in the ongoing contractual relationships among the Parties and Covered Entity, provided that such use or disclosure would not violate the HIPAA Privacy Rule or Security Rule if done by Covered Entity, nor violate the minimum necessary policies and procedures of the Covered Entity. For this purpose, the determination of what constitutes the “minimum necessary” amount of PHI shall be determined in accordance with 45 C.F.R. section 164.502(b), as amended by section 13405 of the HITECH Act. Without limitation of the foregoing, Contractor shall limit the use, disclosure, or request of PHI, to the extent practicable, to the Limited Data Set (as defined in 45 C.F.R. §164.514(e)(2)) or, if needed by Contractor, to the minimum necessary amount of PHI to satisfy the requirements of each applicable Service Provider Agreement.

37.2 Management and Administration of Contractor. Except as otherwise limited in this Agreement, Contractor may disclose PHI for the proper management and administration of Contractor, provided that disclosures are Required by Law, or Contractor obtains reasonable assurances from the person to whom the information is disclosed that such PHI will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person agrees to notify Contractor and RCEB within one (1) day of discovery of any incident.

37.3 Data Aggregation. Except as otherwise limited by this Agreement, Contractor may disclose PHI to provide Data Aggregation services to Covered Entity or RCEB as permitted by 45 CFR 164.504(e)(2)(i)(B). Any aggregated data will be de-identified in compliance with 45 C.F.R. 164.502(d) before it is disclosed. Contractor agrees that it will not disclose any re-identification key or other mechanism to re-identify the data.

37.4 Remuneration. Contractor shall not directly or indirectly receive remuneration in exchange for any PHI unless informed by RCEB or Covered Entity that Covered Entity has first obtained a valid authorization from the applicable Consumer that specifically allows PHI to be further exchanged for remuneration by the entity receiving such PHI, or the receipt of such remuneration complies with an otherwise available exception under HIPAA or the HITECH Act.

37.5 Violations of Law. Contractor may use PHI to report violations of law to appropriate federal and state authorities, consistent with 45 CFR 164.502(j)(1).

38. OBLIGATIONS AND DUTIES OF RCEB.

38.1 Notice of Privacy Practices. RCEB shall inform Contractor of any limitation(s) in Covered Entity’s or RCEB’s notice of privacy practices in accordance with 45 C.F.R. section 164.520, to the extent that such limitation(s), if any, may affect Contractor’s use or disclosure of PHI. RCEB may satisfy this requirement by providing Contractor with the notices.
of privacy practices that Covered Entity and RCEB delivers in accordance with 45 C.F.R. section 164.520, as well as any changes to such notice.

38.2 **Notice to Consumers of Permission.** RCEB shall notify Contractor of any changes in, or revocation of, permission by a Consumer to use or disclose PHI which RCEB receives from Covered Entity, to the extent that such changes may affect Contractor's use or disclosure of PHI.

38.3 **Notice of Other Restrictions.** RCEB shall notify Contractor of any restriction to the use or disclosure of PHI which RCEB receives from Covered Entity to which Covered Entity has agreed in accordance with 45 C.F.R. section 164.522, to the extent that such restriction may affect Contractor's use or disclosure of PHI.

38.4 **Impermissible Requests.** RCEB shall not request Contractor to use or disclose PHI in any manner that would not be permissible under the HIPAA Privacy Rule if done by RCEB or Covered Entity.

39. **TERM AND TERMINATION.**

39.1 **General.** This Agreement shall remain in effect for so long as RCEB and Contractor are parties to one or more Service Provider Agreements and shall terminate when all of the PHI provided to Contractor, or created or received by Contractor, is destroyed or returned to RCEB or Covered Entity. If it is infeasible to return or destroy PHI as set forth above, the terms of this Agreement shall be extended to such PHI in perpetuity, in accordance with the termination provisions set forth below.

39.2 **Termination for Cause.** RCEB may terminate this Agreement for cause upon discovery of a material breach by Contractor as follows:

39.2.1 RCEB shall provide an opportunity for Contractor to cure the breach within ten (10) days from the date RCEB provides Contractor notice of the breach, or such longer period as may be agreed to by the Parties. If Contractor does not cure the breach within the cure period, then RCEB may immediately terminate this Agreement and any related Service Provider Agreement(s) in place between the Parties; or

39.2.2 RCEB may immediately terminate this Agreement, and any related Service Provider Agreement(s) in place between the Parties, if Contractor has breached a material term of this Agreement and cure is not possible; or

39.2.3 If neither termination nor cure is feasible, RCEB shall report the violation to Covered Entity and the Secretary.

39.3 **Return of PHI.** Upon termination:

39.3.1 Except as provided in paragraph 5.3.2 of this section, upon termination of this Agreement for any reason, Contractor shall return or destroy all PHI received from Covered Entity or RCEB, or created or received by Contractor on behalf of Covered Entity.
or RCEB. This provision shall apply to PHI that is in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the PHI.

39.3.2 If Contractor determines that returning or destroying the PHI is not feasible or practicable, Contractor shall provide to Covered Entity and RCEB notification of the conditions that make return or destruction impossible or impracticable. Upon such notification, Contractor shall extend the protections of this Agreement to any retained PHI received hereunder and limit any further uses and disclosures to those purposes that make the return or destruction of the information impossible or impracticable for so long as Contractor maintains such PHI.

40. GENERAL PROVISIONS.

40.1 Notice. All notices, requests, and other communications given under this Agreement, shall be in writing and deemed duly given: (a) when delivered personally to the recipient; (b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid); or (c) five (5) business days after being sent by U.S. certified mail (charges prepaid). Except as otherwise provided herein, all notices, requests or communications under this Agreement shall be addressed to the intended recipient as set forth below:

To RCEB:
Regional Center of the East Bay
Attention: Genia Lindberg
500 Davis Street, Suite 100
San Leandro, CA 94577

To Contractor:
Telecare Corporation
Attention: Faith Richie
1080 Marina Village Parkway Ste. 100
Alameda, CA 94501

40.2 Regulatory References. A reference in this Agreement to any section in the HIPAA Privacy Rule or Security Rule, or the HITECH Act, means the section as presently in effect or as amended.

40.3 Amendment. The Parties agree to take reasonable action to amend this Agreement from time to time as is necessary for all Parties to comply with the requirements of HIPAA, the HITECH Act, and all related, applicable state and federal laws.

40.4 Survival. The respective rights and obligations of Contractor under Sections 5 and 6 of this Agreement shall survive termination of this Agreement.

40.5 Interpretation. Any ambiguity in this Agreement shall be resolved to permit compliance with the HIPAA Privacy Rule and Security Rule, and the HITECH Act. If there is an inconsistency between the provisions of this Agreement and mandatory provisions of these statutes, the applicable statutory language shall control. Where provisions of this Agreement are different than those mandated by the applicable statutes, but are nonetheless permitted under the law, the provisions of this Agreement shall prevail.
40.6 Rights. Except as expressly stated herein, or the Parties to this Agreement do not intend to create any rights in any third parties, unless such rights are otherwise irrevocably established under HIPAA, or any other applicable law.

40.7 Assignment. No Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party, except both Parties may assign this Agreement to any successors in interest, provided the assignor promptly notifies the other Party of such assignment.

40.8 Independent Parties. Contractor and its agents and employees, in performance of this Agreement, shall act in an independent capacity in the performance of this Agreement and not as officers or employees or agents of RCEB or Covered Entity. Contractor shall be wholly responsible for the manner in which Contractor and its employees perform the services required of Contractor by the terms of this Agreement. Contractor shall not be, or in any manner represent, imply or hold itself out to be an agent, partner or representative of RCEB. Contractor has no right or authority to assume or create in writing or otherwise any obligation of any kind, express or implied, for or on behalf of RCEB. The only relationship between Contractor and RCEB is that of independent contractors and neither shall be responsible for any obligations, liabilities, or expenses of the other, or any act or omission of the other, except as expressly set forth herein.

40.9 Indemnity. Contractor agrees to indemnify, defend and hold harmless RCEB and Covered Entity, and their respective employees, directors, officers, agents, subcontractors, or other members of their workforce (collectively, “Indemnities”) against all claims, demands, losses, damages or liability of any type or kind whatsoever, arising from or in connection with any breach of this Agreement or of any warranty hereunder or from any negligence or wrongful acts or omissions, including failure to perform its obligations under the Privacy Rule, the Standard Transactions and Code Sets Regulations, the Security Rule, HITECH or other state or federal health information privacy laws by Contractor. Accordingly, on demand, (i) Contractor at his own expense and risk, shall defend any suit, claim, action, legal proceeding, arbitration, or other mediation proceeding (each, an “Action”), that may be brought against the Indemnities or any of them on any such claim or demand as set forth above (the Indemnites need not have first paid any such claim in order to be so indemnified) and (ii) Contractor shall reimburse Indemnities for any and all losses, liabilities, lost profits, fines, penalties, costs or expenses (including reasonable attorneys’ fees) that may for any reason be imposed upon Indemnities as a result of any Action, with counsel reasonably satisfactory to RCEB. This Section shall survive the expiration or termination of this Agreement for any reason.

40.10 Interpretation; Venue; Jurisdiction. This Agreement shall be construed to comply with the requirements of the HIPAA Rules, and any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules. All other aspects of this Agreement shall be governed under the laws of the State of California. All actions between the Parties shall be venued in the state or district courts of the County of Alameda.

40.11 Waiver. No change, waiver, or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any
continuing or other obligation, nor shall such action prohibit enforcement of any obligation on any other occasion.

40.12 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall remain in full force and effect. In addition, if either Party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule or Security Rule, or the HITECH Act, such Party shall notify the other in writing. For a period of up to thirty (30) days, the Parties shall engage in good faith discussions about such concern and, if necessary, amend the terms of this Agreement so that it complies with the law. If the Parties are unable to agree upon the need for amendment, or the amendment itself, then either Party has the right to terminate this Agreement upon 30 days’ written notice to the other Party.

40.13 Counterparts; Electronic Copies. This Agreement may be executed in counterparts, each which shall be deemed an original and all of which shall constitute a single instrument. Signed copies of this Agreement delivered by fax or in a PDF email file shall be deemed the same as originals.

Executed at San Leandro, California, as of the date first set forth above.

**RCEB:**

Regional Center of the East Bay Inc., a California nonprofit corporation

**CONTRACTOR:**

Telecare Corporation, a California corporation

By: ________________________________
Name: ________________________________
Title: ________________________________

By: ________________________________
Name: ________________________________
Title: ________________________________
SUGGESTED CHANGES TO THE RCEB BY-LAWS
JANUARY 2019

Suggested Change: CFO title elimination from multiple pages in the Bylaws relating to Officers of the Board of Directors
Eliminate the title “Chief Financial Officer” wherever it is showing up in the Bylaws if it is attached and relating to the Treasurer (pages 7,9,14,15,18,27).

Reason: The CFO is associated with a Director position within the RCEB Corporation, not the Board of Directors. The “any other Officer of the Corporation” covers the CFO of the Corporation, and does not need to stand alone, whereas the Executive Director does need to be named.

EXAMPLE
Page 7 Section 5.6(d) Powers
Current Wording:
To appoint and remove the President, the Vice President, Secretary, Treasurer, Chief Financial Officer, Executive Director or any other Officer of the Corporation and, except as otherwise provided in these Bylaws, to prescribe the duties and fix the compensation of the Executive Director.

Page 19 Section 8.4 Standing Committees
Suggested Change: Adding a paragraph
Add a new point (5) below point (4) on page 19:

(5) Action Without a Meeting. Any action required or permitted to be taken by the Board’s Executive Committee may be taken without a meeting, if all members of the Board’s Executive Committee individually or collectively consent in writing via e-mail or documented from a phone confirmation to that action. The written consent or consents shall be filed with the minutes of the proceedings. An action by written consent shall have the same force and effect as a unanimous vote of the directors.

[TURN SHEET OVER TO PAGE TWO]
Meetings of the Executive Committee shall be held at the call of the President or any two (2) members of said Committee. Notice of the meeting shall be given to each member of the Executive Committee either by phone call orally or in writing, by means of telephone, e-mail facsimile, personal visit or regular mail, not less than seven (7) days before the time at which the meeting is scheduled to take place, unless notice is waived by such member in writing.
The Association of Regional Center Agencies (ARCA) represents the 21 non-profit regional centers that coordinate services for, and advocate on behalf of, over 320,000 Californians with developmental disabilities. ARCA and other members of the Lanterman Coalition, a group of statewide developmental services stakeholders, is requesting stopgap funding until comprehensive funding reform can be implemented.

**Background**

In the 2015-16 session, the Legislature recognized that programs for people with developmental disabilities were rapidly closing and desperately needed funding to stabilize them in order to prevent disruption in critical services. At the same time, regional centers were facing a shortfall of 744 service coordinators statewide. Increases in the Budget, as well as ABX2 1 (Ch. 3, 2016), that same year were intended to address shortages for both service providers and regional centers. These measures helped initially. For example, as noted in the chart below, there was a significant decrease in Day/Work Program closures between Fiscal Years 2015-2016 and 2016-2017. However, the closures and loss of program slots again increased in FY2017-18, which resulted in people waiting for services. This is largely due to economic changes since 2016, including an 8% increase in the consumer price index and a ~12% increase in California’s wage index.

![Day/Work Programs Closed](chart)

The rapid escalation in costs has occurred at the same time that the total population served continued to increase, including a 25% growth in the number of adults served (2011-2018), the group that uses the most services. This growth requires annual increases in system capacity to keep pace with the demand for needed services and supports. Yet available data shows a decrease in some service categories in recent years.

![Regional Center Caseload (as of January 1, 2019)](chart)
With a goal of long-term stabilization, ABX2 1 also included a comprehensive rate study, which is due March 1, 2019. Systems change for providers and regional centers is very complex and will likely take more than one year to implement. Until then, a minimum of an 8% down payment, for both service providers and regional center service coordination, is needed to bring the system back to where it was in 2016.

**Service Providers**

Providers help meet the daily direct support needs of individuals with developmental disabilities living in integrated communities of their choosing. But years of rate freezes have led to program closures and fewer available services. In FY 2017-18, the system saw the loss of 121 licensed residential homes (658 beds) as well as challenges developing critically-needed housing and support services, vocational support, and clinical services.

Faced with chronic underfunding, service providers struggle to recruit sufficient staff to meet the needs of the clients they serve. The complex, hands-on work of direct support professionals was never meant to be a minimum wage job, but many service providers cannot afford to pay more. The health and safety, and progress towards community participation, of people relies on appropriate recruitment and long-term retention of these workers, as without consistent support people cannot achieve their individual goals or potential. But over time, the value of their wages has eroded to unsustainable levels. In order to offer sustainable, quality services and properly serve people with developmental disabilities until funding reform can be implemented, providers need a minimum of an 8% down payment just to make up for inflationary losses.

**Regional Center Operations**

The core direct service of regional centers (RCs) is service coordination, which serves as a constant in people’s lives and provides ongoing guidance to them and their families in setting goals and accessing services. Outdated funding formulas mean RCs receive only 60% of the funding needed for each new service coordinator position.

![Service Coordinator Shortfall](image)

The path forward for addressing this complex problem is the Developmental Services Task Force. But until their recommendations can be shaped and implemented, regional centers need a minimum of an 8% down payment for service coordination and other essential supportive services, to make up for inflationary losses.

Service coordinators only succeed when the number of individuals they serve (their “caseload”) is at a manageable level. The relationships between the service coordinator and people with developmental disabilities and their families are most effective when they are long-term and not interrupted by high turnover rates. Also, to ensure federal matching funds (currently ~40% of our system’s money), California promises the federal government we will maintain certain caseload ratios and support time-intensive person-centered planning. As of March 2018, RCs were 624 service coordinators short of legal compliance. Updated figures regarding the shortfall will be available in March 2019. To properly support people with developmental disabilities, the shortfall in positions should be fully funded to ensure they can be staffed at proper levels.

**The Importance of 8%**

Our system is being challenged to better serve existing needs and adapt to new ones. Bipartisan support reversed some Recession-era cuts, and gave some stability, but inflation is eroding those gains. This year, an 8% funding increase, and staffing to meet existing requirements, are critical for our system and the people who depend on it.
Department of Developmental Services

Governor's Budget Highlights

Gavin Newsom
Governor
State of California

Michael Wilkening
Secretary
California Health and Human Services Agency

Nancy Bargmann
Director
Department of Developmental Services

January 2019
DEPARTMENT OF DEVELOPMENTAL SERVICES
GOVERNOR’S BUDGET HIGHLIGHTS

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with developmental disabilities to lead more independent, productive, and integrated lives. The Early Start Program provides for the delivery of appropriate services to infants and toddlers at risk of having developmental disabilities. The Department carries out its responsibilities through 21 community-based, non-profit corporations known as regional centers, two state-operated developmental centers, one state-operated community facility, and four community-based acute crisis homes.

The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 333,094 in the current year, to 349,606 in 2019-20. The number of individuals who will reside in state-operated residential facilities is estimated to be 323 on July 1, 2019.

GOVERNOR’S BUDGET SUMMARY
The Governor’s Budget includes $7.8 billion total funds ($4.8 billion GF) for the Department in 2019-20; an increase of $435.2 million ($332.4 million GF) over the updated 2018-19 budget.

<table>
<thead>
<tr>
<th>FUNDING SUMMARY</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Difference</th>
<th>Percentage Change</th>
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<tr>
<td>BUDGET SUMMARY</td>
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<tr>
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<td>$6,892,600</td>
<td>$7,398,803</td>
<td>$506,203</td>
<td>7.3%</td>
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<td>Developmental Centers</td>
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<td>-21.5%</td>
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<table>
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<tr>
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<td><strong>GF TOTAL, ALL PROGRAMS</strong></td>
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<td><strong>$4,769,228</strong></td>
<td><strong>$332,363</strong></td>
<td><strong>7.5%</strong></td>
</tr>
</tbody>
</table>

Additional detail is available in the Program and Funding Summary on page 7.
COMMUNITY SERVICES PROGRAM

2018-19
The updated current year projected community population is 333,094, a net increase of 356 consumers, compared to the 2018 Enacted Budget. The net increase results from a projected increase of 442 consumers in Active caseload, and a decrease of 86 in Early Start caseload.

The Governor's Budget updates the 2018 enacted budget to $6.9 billion ($4.1 billion GF); a decrease of $78.0 million ($64.8 million GF). The decrease includes a $74.7 million decrease ($37.1 million GF) in Purchase of Service (POS) expenditures and a $3.2 million decrease ($27.7 million GF) in Operations. The main driver for the overall GF decrease is additional federal reimbursements from Targeted Case Management (TCM).

Caseload and Utilization
Decrease of $23.6 million ($28.9 million GF) in regional center Operations (OPS) and Purchase of Services (POS) as follows:
- OPS decrease of $3.2 million ($27.7 million GF)
- POS decrease of $20.4 million ($1.2 million GF)

The decrease in OPS is due to updated caseload and staffing expenditures.

The decrease in POS is primarily attributed to actual expenditures for the January 2018 SB 3 Minimum Wage Increase coming in $89.6 million lower than originally estimated. Estimated expenditures for 2018-19 are $101.2 million.

SB 3 Minimum Wage Increase, Effective January 1, 2019
A decrease of $54.6 million ($33.1 million GF) due to prior year actual expenditures coming in lower than previously estimated.

2019-20
The budget year projected community population is 349,606, an increase of 16,512 consumers, compared to updated current year projections. This projected increase consists of 12,417 consumers in Active caseload and 4,095 in Early Start caseload over updated budget.

The Governor’s Budget proposes $7.4 billion ($4.5 billion GF) for the Regional Center system, an increase of $506.2 million ($362.3 million GF) as compared to the updated current year budget. The increase is a result of the following adjustments:

Caseload and Utilization
Increase of $402.2 million ($302.5 million GF) in regional center OPS and POS as follows:
- OPS increase of $31.3 million ($24.0 million GF)
- POS increase of $370.9 million ($278.5 million GF)
The net increase in OPS is primarily due to updated caseload and staffing expenditures.

The increase in POS reflects adjustments for all POS budget categories based on current year expenditure trends.

**Specialized Home Monitoring**
Increase of $5.5 million ($3.7 million GF) to provide required monitoring of specialized homes. One licensed nurse or behavioral specialist will conduct the monitoring for four specialized homes. There will be 93 operational Adult Residential Facilities for Persons with Special Healthcare Needs, 58 operational Enhanced Behavioral Supports Homes and 26 Community Crisis Homes in 2019-20.

**Specialized Caseload Ratios**
Increase of $3.8 million ($2.6 million GF) to establish a 1:25 service coordinator-to-consumer caseload ratio for consumers with complex needs requiring intensive service coordination for stabilization in the least restrictive setting.

**Developmental Center Closure/Ongoing Workload**
Net increase of $3.0 million ($1.5 million GF) to continue regional center workload associated with the ongoing monitoring and coordination of individuals who transition from Developmental Centers. Funding has been shifted from the Agnews and Lanterman Developmental Center Closures to offset the $8.3 million ($3.9 million GF) total costs.

**Impacts from Other Departments, Behavioral Health Treatment (BHT)**

**Consumers with no Autism Spectrum Disorder (ASD)**
Decrease in savings of $39.4 million GF due to transition of all Medi-Cal Managed Care consumers with medically necessary BHT services. By the end of 2018-19, all of these consumers will have fully transitioned to Department of Health Care Services (DHCS). As a result, savings from Medi-Cal Managed Care occurred in 2018-19 only. Fee-for-service consumers continue to access services through regional centers and the Department is reimbursed by DHCS. Reimbursements for non-ASD fee-for-service are displayed in Reimbursements from DHCS.

**Community Crisis Homes for Children**
One-time increase of $4.5 million GF to develop three community crisis homes for children. The estimated cost to develop each home is $1.5 million.

**Community Placement Plan for DC Closures**
Decrease of $21.6 million ($14.5 million GF) due to closure of the three remaining Developmental Centers.

**Uniform Holiday Schedule**
Decrease of $47.8 million ($28.7 million GF) due to the expiration of the one-time 2018-19 appropriation that delayed implementation of the Uniform Holiday Schedule. The Department proposes to implement the policy effective July 1, 2019.
SB 3 Minimum Wage, January 1, 2019
Increase of $76.0 million ($35.4 million GF) to reflect the estimated full-year cost of
the January 1, 2019 California minimum wage increase from $11.00 to $12.00 per
hour.

SB 3 Minimum Wage, January 1, 2020
Increase of $83.0 million ($41.7 million GF) to reflect the estimated half-year cost of
the January 1, 2020 California minimum wage increase from $12.00 to $13.00 per
hour.

Bridge Funding
Decrease of $42.0 million ($25.0 million GF) due to the expiration of the one-time
appropriation in 2018-19.

STATE OPERATED RESIDENTIAL AND COMMUNITY FACILITIES PROGRAM

2018-19
The DC and STAR Home population was 514 residents on July 1, 2018. The
Department projects an ending population of 323 residents on June 30, 2019.

The Governor’s Budget updates the 2018-19 Enacted Budget to $394.4 million
($306.7 million GF); an increase of $9.8 million ($7.5 million GF). The increase is a
combination of the following adjustments:

Operations Expenditures
Decrease of $0.6 million ($0.3 million GF) in Operations Expense and Equipment
(OE&E) costs due to a net reduction of 20 residents compared to 2018-19 Enacted
Budget.

Employee Compensation and Retirement
Increase of $11.6 million increase ($8.1 million GF) for compensation and retirement
adjustments approved through the collective bargaining process and Item 9800 –
Employee Compensation Adjustments.

Sonoma and Fairview Lump Sum Leave Balance Payouts
Decrease of $0.9 million ($0.3 million GF) as compared to the 2018-19 Enacted
Budget to fund lump sum leave balance payouts for separating employees.

2019-20
The Governor’s Budget proposes a total of $309.5 million ($265.8 million GF) for the
State Operated Residential and Community Facilities Program; a decrease of
$84.9 million ($40.8 million GF) from the 2018-19 updated budget. The decrease
reflects the following adjustments:

Operations Expenditures
Decrease of $82.9 million ($37.0 million GF) comprised of $70.5 million in Personal
Services and a $12.4 million in OE&E due to a reduction in resident population. The
decrease includes the following adjustments:
  • $11.7 million ($7.3 million GF) increase and 100.6 positions to operate one
additional STAR Home in Northern California and to develop two Central Valley STAR homes and a Central Valley Crisis Assessment Stabilization Team (CAST) as part of the Department’s ongoing Safety Net planning.

- DC staffing update, decrease of $105.9 million ($55.6 million GF), including position reductions from the Sonoma DC closure.
- One-time funding increase of $5.0 million GF for Deferred Maintenance at Porterville.
- $1.0 million GF increase for 8.0 Regional Resource Development Project (RRDP) staff required to continue monitoring of Sonoma residents who transitioned to the community.
- $5.3 million GF increase for the ongoing cost of workers' compensation claims from open and closed facilities.

**Employee Compensation and Retirement**
Decrease of $1.4 million ($0.9 million GF) for employee compensation and retirement adjustments approved through the collective bargaining process. In total, the Governor’s Budget includes $10.1 million ($7.1 million GF) for employee compensation and retirement adjustments in 2019-20.

**Fairview and Porterville General Treatment Area Lump Sum Leave Balance Payouts**
Decrease of $0.6 million ($2.9 million GF) to fund lump sum leave balance payouts for separating employees. In total, the Governor’s Budget proposes $7.7 million ($4.0 million GF) to fund lump sum leave balance payouts in 2019-20.

**CAPITAL OUTLAY**
The Governor’s Budget does not include a proposal for Capital Outlay funds in 2019-20.

**HEADQUARTERS**

**2018-19**
The Governor's Budget updates the 2018-19 Enacted Budget to $70.9 million ($42.3 million GF); an increase of $2.7 million ($2.2 million GF). The increase is for employee compensation and retirement adjustments approved through the collective bargaining process and Item 9800 - Employee Compensation Adjustments.

**2019-20**
The Governor’s Budget proposes $84.8 million ($53.2 million GF) for Headquarters in 2019-20, an increase of $13.8 million ($10.9 million GF) compared to the 2018-19 updated budget. The net increase results from the expiration of $0.4 million GF in one-time funding and an increase for three Budget Change Proposals (BCPs) as detailed below:

**Headquarters Restructure and Reorganization**
$8.1 million ($6.5 million GF) and 54.0 positions to restructure the organization and realign resources to achieve efficient and effective system-wide improvements to better serve Californians in the developmental disabilities services system.
Home and Community-Based Services Assessments
$3.0 million ($1.8 million GF) in one-time funds to contract for the coordination and completion of on-site visits and assessments of providers and programs as required by the Home and Community-Based Services final rules.

Federal Claims Reimbursement System Project
$3.2 million ($3.0 million GF) for the Federal Reimbursement System Project, a multi-year information technology project to replace the legacy federal billing system that DDS utilizes to claim $2.8 billion in federal funds annually. This request includes three-year limited term funding for 5.0 positions. The estimated costs for 2020-21 and 2021-22 are outlined in the BCP.
# 2019 Governor's Budget
## Program and Funding Summary

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018-19*</th>
<th>2019-20</th>
<th>Difference</th>
</tr>
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<tbody>
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<td><strong>Total Funding</strong></td>
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<td>$7,793,086</td>
<td>$435,210</td>
</tr>
</tbody>
</table>

| **Caseloads**               |          |         |            |
| Developmental Centers       | 514      | 323     | -191      |
| Regional Centers            | 333,094  | 349,606 | 16,512    |

| **Departmental Positions**  |          |         |            |
| Developmental Centers       | 3,182.7  | 2,497.9 | -684.8    |
| Headquarters                | 444.0    | 503.0   | 59.0      |

*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of $20.1 million that was added by the 2016 Budget Act and displayed as a Carryover in the Governor's Budget Galley.